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Mark Skousen is managing editor of both *Personal Finance* and *Tax Angles*. Among his books are *The 1979 Insider's Banking and Credit Almanac, Playing the Price Controls Game* and the forthcoming *Mark Skousen's Guide to Financial Privacy*. His topic is "How to Be Your Own International Private Banker."

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Otto E. Roethenmund is executive vice-president of Deak and Co., and vice-chairman of the Foreign Commerce Bank of Zurich and Geneva. His topic: "How A Swiss Banker Views the US Dollar."

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February 1979/Vol. 10, No. 10

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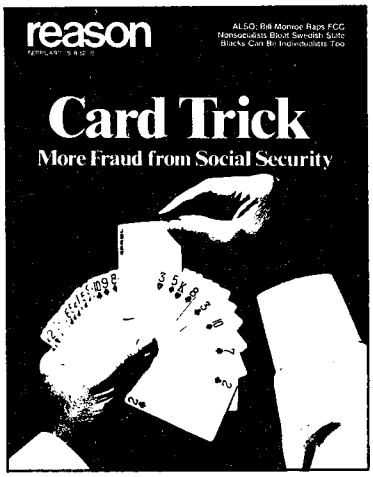

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EDITOR
Robert Poole, Jr.

ASSOCIATE EDITOR
Marty Zupan

SENIOR EDITORS
Tibor R. Machan
Manuel S. Klausner

CONTRIBUTING EDITORS

David Brudnoy
James Dale Davidson
Edith Efron
Mark Frazier
John Hospers
Eric Mack
Henry G. Manne
William Marina
Karl Pflock
Alan Reynolds
Murray Rothbard
Thomas Szasz

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Prakash Aswani/Middle East
Anne Brincker/Denmark
Ole-Jacob Hoff/Norway
Bob Howard/Australia
A. Michael Keerma/Canada
Riccardo La Conca/Italy
Henri LePage/France
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H. Joachim Maitre/West Germany
N. G. Molinelli/Argentina
Michael van Notten/The Netherlands
Pauline Russell/England
Marc Swanepoel/South Africa

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Thomas Winslow Hazlett/Brickbats
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Randall K. Hylkema/Rudebarbs
John R. Lott/Spotlight
Robert Poole, Jr./Trends
Mark Tier/Money

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Don Wood

TYPESETTING
Jean Graphics

STAFF

Annarose Aker
Elizabeth Anderson
Ashley Brooks
Debra Duke
Merton Fine
Louis A. Rollins

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editor's notes

• **ARTICLES PROVE PROPHETIC.** Regular REASON readers should not be surprised at a number of recent developments that have been previewed in the magazine's pages.

Last year's biggest economic success, airline deregulation, was first proposed in REASON in 1969. Robert Poole's article "Fly the Frenzied Skies" (September 1969) exposed the CAB's role in limiting competition and cartelizing air transportation and called for abolition of the agency. As consequences of deregulation it predicted cuts in air fares, expansion of service, and a wave of mergers—all of which are now taking place.

One of the architects of the CAB's rapid deregulation is Michael E. Levine, now head of the agency's Bureau of Pricing and Domestic Aviation. In his REASON article "The Airport Crisis and How to Solve It" (April 1973), Prof. Levine called for free-market pricing of airport landing rights as a way to solve congestion and capacity problems. Those ideas have become the basis for the CAB's latest campaign, announced by Levine in a November speech. The agency plans to work with the FAA to develop pricing mechanisms for high-traffic airports.

Another proposal from REASON has recently come to fruition. Charles Curley proposed in these pages that US gold reserves be used to mint one-ounce and half-ounce non-legal-tender coins, modeled after the Krugerrand ("A New US Gold Coinage," June 1975). In November President Carter signed into law the American Arts Gold Medallion Act of 1978 which does just that. Rather than honoring Ludwig von Mises and Thomas Jeferson, as Curley proposed, the new medallions will feature the likenesses of famous artists—the first two being Grant Wood and Marian Anderson. The other difference from Curley's proposal is that the medallions may be purchased with paper money. Curley had proposed requiring gold bullion in payment, thereby replenishing Treasury supplies with .995 fine gold (in place of the coin-melt .900 fine gold comprising most present US gold reserves), in anticipation of a return to the gold standard.

• **FOUNDATION ACTIVITIES.** In keeping with the Reason Foundation's role as an educational organization, we are making widely available two REASON articles of major significance. Copies of this month's issue, containing Warren Shore's article on Social Security, and of last month's issue, featuring Robert Poole's FAA article, have been sent to every member of Congress, all major news media, and selected business and government leaders. Contributions to further educational efforts of this type would be appreciated.

• **MINIMUM WAGE IN THE CLASSROOM.** The devastating effects of minimum wage laws on minority employment opportunities form the basis of a new classroom discussion guide for high schools. It consists of an essay by Prof. Walter E. Williams (author of "The New Jim Crow Laws," REASON, August 1978) plus a complete set of supporting materials—topic summary, graphs and statistics, discussion questions, glossary, pre- and post-tests, etc.—developed by educators at Cal State Northridge. It is available from the Education Department of the National Federation of Independent Business, 150 W. 20th Ave., San Mateo, CA 94403.

• **LITERARY REVIVAL.** The *Kenyon Review*, a distinguished literary journal that quietly stopped publishing in 1970 because of financial difficulties, is being brought back to life, to be published (as before) by well-regarded Kenyon College in Ohio. What leads the editors to think the new *Kenyon Review* has a chance? It will offer a wide range of literary forms—not only poetry, fiction, and criticism, but essays on science and society, reviving the tradition in which Gibbon, Burke, and Hume were partly engaged in writing literature. And, says one of its editors, reported in a *Wall Street Journal* write-up (Oct. 20, 1978), there is a new audience of educated people who grew up in the '60s but have given up on that decade's cliches—the bourgeois as the enemy of society, "authenticity" as the prime value, and technology as destructive of the better things in life. (Kenyon College, Gambier, OH 43022.)

• **CONTRIBUTING EDITOR.** The editors are pleased to add the name of William Marina to the masthead as a contributing editor. Bill teaches history at Florida Atlantic University, Boca Raton, and has written for REASON and engaged in brainstorming with the editors on several occasions.

—R. P.

letters

Dwindling Uranium

Although I agree, in part, with Dr. Beckmann's analysis of "small is beautiful" [October], his endorsement of nuclear energy reminds me of a musical comedy by our beloved Jimmy Durante.

Durante, dressed in shabby clothes, steals an elephant and starts to walk across the stage with the end of a long rope in his hand. As he continues to walk the head of an elephant emerges from the wings. It's not a mask—the body of an elephant is attached to the head. All of a sudden several very excited men, police, surround Durante—they're looking for an elephant. Durante is apparently flabbergasted, although he's holding on to the end of the rope. He stops, looks around blankly, and then, slightly distressed, says, "What elephant?"

Before Beckmann continues to tout nuclear power he ought to look at the elephant on the other end of the rope: the supply of uranium. The reserves that can be extracted up to a cost of $100/lb are insufficient to supply the lifetime requirements of the plants now producing power, or under construction and more than 25 percent complete, assuming a 30-year life for each plant! This elephant cannot be ignored any longer—the slowdown, if not disappearance, of orders for new plants reflects the reality. Maybe in his next article Dr. Beckmann will look at the elephant.

Raphael G. Kazmann, P.E.
Baton Rouge, LA

Energy Differences

Petr Beckmann's "Economics As If *Some* People Mattered" [October] is neither objective nor rational in its appeal. What is worse than his annoying rhetoric is that some of his points are simply wrong. Without defending the books he is attacking, I would like to correct some of his own mistakes.

1. Although Beckmann presents nuclear energy as the golden solution to our energy needs, nuclear energy is neither safe nor economical. Yes, while the reactor is working, if the humans who designed and run it make no mistakes, it can produce cleaner energy than coal or other fuels. But errors have already been made, and the more generators proliferate, the more noticeable such errors will become. More urgently, there is as yet no sure method of disposing of wastes, only a few ideas still being developed and researched. Worse than the problem of disposing of low-level wastes in small quantities from the active plant is the problem of disposing of entire reactors after they have finished producing energy. Wherever wastes are stored, in deposit sites or at the plant, they must be kept safe for many thousands of years. Who is to be responsible for that? Not the energy companies, which will have gone out of business millenia ago.

2. This brings me to the second point: nuclear energy is not cheap. Promoters of nuclear energy have not included in their calculation of costs the enormous costs (*Continued on p. 8.*)

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- Why you should **never** work on a contingency (speculative) basis. (See Chapter 7.)
- Ingenious ways to promote yourself — and make people want your services. (See Chapter 9.)
- Contracts: why you should **avoid** them at all costs. (See Chapter 10.)
- Just what do consultants do all day? (See Chapter 11.)
- How to market your ideas. (See Chapter 11.)
- Why you'll never have to worry about competition. (See Chapter 13.)
- And much more!

Perhaps no one is better qualified to have written this book than Hubert Bermont. He has served as consultant to more than 70 major corporations and trade associations, including the U.S. Chamber of Commerce, McGraw-Hill, the Electronic Industries Association, Evelyn Wood Reading Dynamics and the Smithsonian Institution. Yet he made the decision to become a consultant only after being fired from an executive position at the age of 43. You'll learn first-hand how he did it — and how **you** can do it, too!

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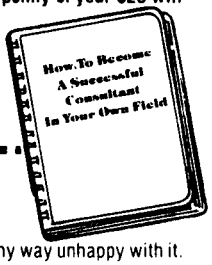

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Lessons of Deregulation

editorial

These are heady times for supporters of the free market. For the first time in US history, an entrenched regulatory body—the Civil Aeronautics Board—has had its powers emasculated and is targeted for outright abolition, in 1985. As a result of the partial deregulation already accomplished, air transportation is booming, with both falling prices and rising airline profits.

It's instructive to recall the cries of doom that were heard from the industry two years ago when deregulation was first seriously proposed. The promise of lower fares was an "illusion" said TWA chairman Charles Tillinghast. "There would be chaos," said Braniff's Harding Lawrence. Deregulation would cause "grave and possibly irreparable damage" to the airlines, charged American's Albert Casey.

Today, we have Eastern's Frank Borman admitting that the deregulation-caused boom "has been above our wildest expectations. We have become mass transit, and this may be as revolutionary as the introduction of the jet engine itself." Adds Robert Hotz, editor of the industry's leading trade journal, "On balance [CAB chairman] Kahn did the air transport industry of this nation and possibly the world a lot of good."

But where do we go from here? It's all too easy to be lulled into a false sense of optimism by the success of airline deregulation. Getting rid of the remaining plethora of regulatory agencies will not be as easy. Despite studies showing the immense cost of regulation—in 1976, compliance cost Americans $63 billion, plus another $3 billion in taxes for the agencies themselves—most of the agencies are solidly entrenched, not just in the political system but in people's minds.

To be sure, there are a few sitting ducks that will probably be knocked off in the next few years. Both the Interstate Commerce Commission and the Federal Communications Commission are widely recognized as having distorted the structure of the transportation and communications industries, respectively. This has led to fat profits for favored firms and less choice and higher prices for consumers. These agencies' days are numbered.

The one other strictly *economic* regulatory agency—the Department of Energy—is less vulnerable at this time. Not that it is any less destructive in its attempts to fix prices and allocate resources contrary to market forces. It is simply that by repackaging the crusty old FPC together with the AEC and FEA, and engaging in a lot of scare-mongering, the administration has diverted people's attention from the government's dismal record in energy regulation.

Beyond these agencies, virtually all the others are allegedly concerned with protecting helpless citizens from the depredations of big business: from *fraud* (the SEC and FTC), from *health hazards* (the FDA, EPA, and OSHA), and from *threats to life and limb* (the FAA, CPSC, NHTSA, and again OSHA). In arguing against these agencies, far more than just exposés of agency/industry collusion and high costs relative to benefits are needed. What's required to make the case for abolition is a two-pronged approach, encompassing both *moral* and *practical* arguments.

As we have noted in these pages (see "Deregulation Is a *Moral* Issue," March 1978), we cannot ultimately be rid of government regulation until people come to understand the moral issue involved. And that issue is that people have a right to their own lives and hence a right to make their own decisions. Liberty, therefore, must count higher than safety and security in our political value system (despite the protestations of liberals like Harvard's Steven Kelman—see *The New Republic*, November 25, 1978). Putting government in charge of issues like auto safety and food additives denies people the basic right to make their *own* trade-offs about the advantages and disadvantages of seat belts and saccharin. The sledgehammer approach of the State won't permit such discretion. Contending that some are unable to make such decisions intelligently, the State usurps *everyone's* prerogatives and makes the decisions for them. Until the wrongness of this is widely recognized, we will not be rid of government regulation.

But there's another formidable barrier, as well. Most people honestly cannot imagine *how* people would be protected from stock frauds without the SEC, from plane crashes without the FAA, from air pollution without the EPA. Consequently, discussions of abolishing such agencies strike them as frivolous and utopian. "Do you really *want* people to be ripped off by Ponzi schemes, wiped out in air disasters, or poisoned by pollution?" they will ask, in all sincerity.

At this point, advocates of liberty must be able to do far more than merely utter platitudes about the workings of the free market. We must take people's concerns seriously enough to analyze each problem for which a government agency has been proferred as a solution, figure out what legitimate services people desire, and hypothesize the kinds of institutions the marketplace would be most likely to develop in the absence of the regulatory agency.

- In the case of pharmaceuticals, for example, there is an obvious need for independent testing labs, for information services aimed at both doctors and consumers, and possibly for revisions of liability laws.
- Auto safety standards could be devised and published by professional associations like the Society of Automotive Engineers. Specific makes and models of cars that complied with various standards could receive an SAE seal of approval—much as safe electrical appliances receive an Underwriters Laboratory seal.
- New bodies of law based on strict liability for demonstrated harm caused to persons and property by pollutants could replace bureaucratic edicts that set arbitrary emission levels.
- As shown in these pages last month ("Is This Any Way to Run an Airway?"), private enterprise could readily provide air traffic control services, as in Switzerland. And air safety standards could be set and enforced by the insurance industry.

In short, feasible approaches to dealing with threats to health, safety, and well-being *can* be devised. We don't have to turn to the State's coercive approach.

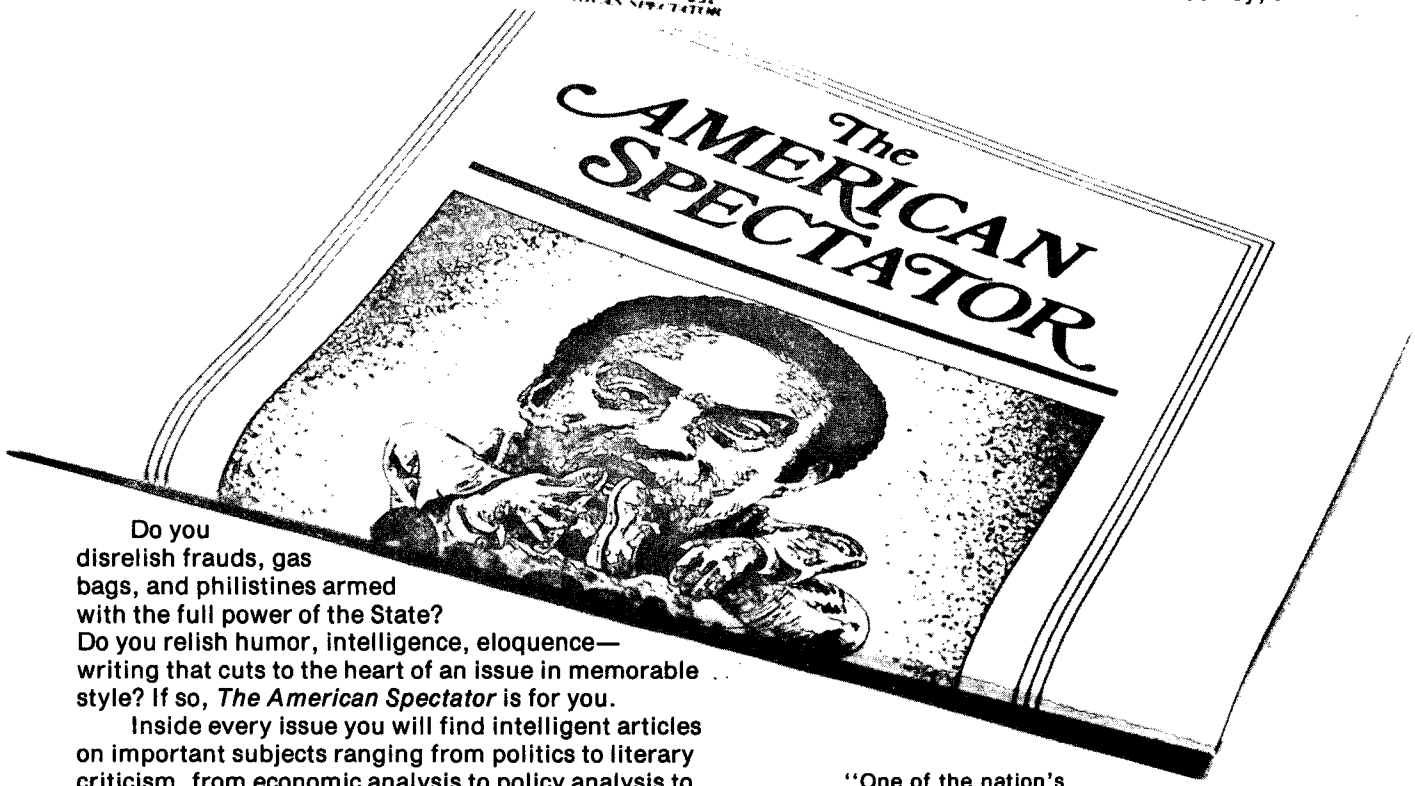
A recent Opinion Research poll found that 43 percent of Americans favor less government regulation of business, while only 25 percent think there should be more. The momentum is clearly on the side of those favoring liberty. But unless we do our homework, all we'll accomplish is half-hearted "regulatory reform," eliminating the worst excesses, the easiest cases, but leaving the regulatory structure intact.

We must destroy the case for regulation *in principle*, in terms of human liberty, and follow through with practical examples of how freedom will work to solve today's problems. Only then will we have a chance to dismantle the "imperial regulatory juggernaut" once and for all.

Robert Poole, Jr.

"Iconbusting, brawlingly staid, and wonderfully highbrow."

William F. Buckley, Jr.



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9A6

letters

(Continued from p. 5.)

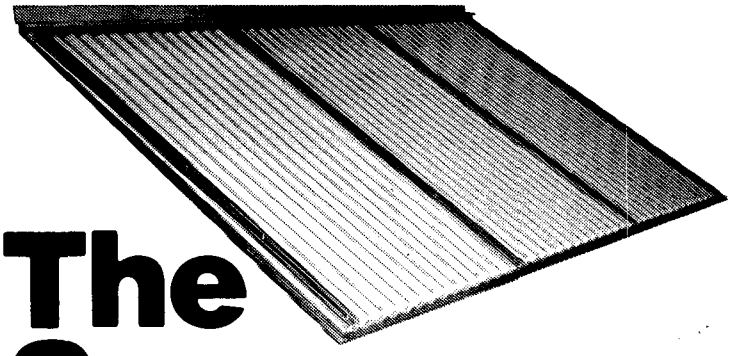
which continue long after the plant has stopped making any income. Richard Pollock, formerly a member of the Nuclear Regulatory Commission, commented: "The costs of decommissioning and the costs of radioactive waste management will probably be two chief factors that will, in the long run, reveal the poor economics of nuclear power"....

3. Why is the government so eager to encourage nuclear energy? Beckmann suggests that "feudal energy sources" would probably necessitate feudal authoritarianism. But solar energy, including wind, thermal, hydro, etc., is by no means still a feudal technology....And solar or wind energy even at its most primitive is a decentralized form of energy. Thus it is much *less* likely to involve authoritarian interventionism than large central nuclear reactors where threats of terrorism (real or imagined) may easily allow government the opportunity to seize emergency powers for the "protection" of its citizens.

4. And this brings me to my fourth point, which is related to the issue of nuclear safety. Why are people afraid of nuclear sabotage and not of sabotage to a dam, which Beckmann points out could be just as effective in causing loss of lives? Chiefly, because the public *thinks* about nuclear terrorism; therefore it is highly likely that someone will try it. In fact, about 100 threats of violence against nuclear plants were made between 1969 and 1975, so far unsuccessfully. Almost no one thinks of sabotaging a dam, so the chances are smaller that some nut will try to do it. Of course terrorists are not likely to manufacture a bomb from stolen plutonium. But merely by wrapping it with a stick of dynamite, terrorists could disperse plutonium into the air. Breathing one microscopic grain of plutonium is enough to give you lung cancer. Thus terrorism is a real hazard not to be dismissed by saying blithely that terrorists won't make bombs.

5. Solar and hydro energy, even if it never becomes our sole energy source, can supply a significant fraction of our needs ....Even a very small hydro plant producing as little as 5,000 kw can serve the needs of several thousand families. In New England old dams are being bought and made to run again at a profit. Getting the government out of the nuclear energy business might be worthwhile.

Janet Smarr
Cambridge, MA



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Counter-Brickbats

Your Bill Birmingham [Brickbats, November] chides Accuracy in Media for having said that Richard Welch, the CIA station chief, was murdered in Athens after his identity was publicized in a rag called *CounterSpy*. He says that he revealed six months ago that the CIA had lied in blaming *CounterSpy*, "citing the Congressional testimony of Morton Halperin in late 1977."

I presume that Mr. Birmingham also read the testimony of former CIA Director William Colby, which was published in the same volume. Mr. Colby cited four factors that contributed to Richard Welch's death:

1. He had bad cover in that the administrative arrangements indicated who was in CIA and who wasn't.
2. He accepted the bad cover and lived in the same house as his predecessor, not making any big effort to remain hidden.
3. The hysteria about the CIA in 1975 stimulated a lot of anti-CIA activity around the world.
4. "The fourth reason—and you need to add all four up—was that there were

(Continued on p. 10.)

Wage Your Own Personal Tax Revolt

Like the early pioneers who started this country, many people are rebelling against the near confiscatory taxation at all levels of government. The federal government consumes the taxpayer's cash at the rate of over $800,000 per minute, and the amount that is wasted is scandalous. The citizens are mad as hell and they're not going to take it any more.

There is but one answer left!

The U.S. was founded by a group of individuals who rebelled against the oppressive policies of King George in England. Today, this same spirit of independence, a uniquely American phenomenon, underlies a growing displeasure with government tax and spending policies. This viewpoint is a healthy sign. Our society can remain the freest and most prosperous in the world if government power is held in check by us, the citizens who make up the country. Recent passage of laws (such as Proposition 13) are an indication of a growing wave of protest against wasted tax dollars. The effort is getting stronger and more vehement every day.

The largest tax each one of us pays is Federal Income Tax. Yet, the largest corporations and the wealthiest individuals often pay the least amount of tax. According to an article in a leading newsletter, 17 huge corporations paid no federal income tax, although they had a worldwide income of $2.5 billion. Numerous tax loopholes were used. The list includes United States Steel, Bethlehem Steel, Armco Steel, General Dynamics, Singer, Phelps Dodge, American Airlines, Philadelphia Electric and The Chase Manhatten Corporation. The burden caused by these non-taxpayers must be assumed by "somebody." "Somebody" is always the wage earner. There is, therefore, a major inequity under the law which favors the wealthy and, most especially, corporations. In America today we have what could be called a "Corporate Society."

Some individuals have become so upset with these startling inequities, they have stopped paying taxes and have in many cases even ceased to file tax returns. This approach, however, is frought with danger and has resulted in stiff fines or prison sentences when the government locates and prosecutes the courageous individuals.

You Can Become Part of "The Corporate Society"

Rather than break the law and suffer serious consequences, there is a safer and more viable alternative. You can use the same type of smart thinking as those who own and control great wealth. The big corporations are not necessarily immoral. However, they do get the best advice available on tax matters.

You, as an individual, can now use all the tax loopholes for your own self interest. Thus, you legally gain the advantages yourself as do the huge corporations. Rather than break the law, you can use it to your advantage. Perhaps the best way to accomplish this, as well as reduce your tax burden is through incorporation, the legal form of tax rebellion.

Surprisingly enough, the government encourages incorporation with a number of favorable laws, especially in the area of taxation. In fact, it is rare to find a successful individual who is not incorporated. Incorporation is favored by nearly all millionaires. It is one of the causes of wealth, not its effect. Think about it. Can you think of a single wealthy individual who doesn't own and control his own corporation? It is rare indeed. Let's face it, the first step toward achieving the American Dream in our corporate society is probably incorporation.

To add even more impetus to the idea of starting your own corporation, passage of the Revenue Act of 1978 makes incorporation the ultimate tax shelter. This act and the earlier ones close the door to practically all other tax shelters and loopholes. The tax rate on corporations (especially smaller ones) has been substantially reduced.

Favorable laws such as the investment tax credit are most helpful when buying equipment. Even if you incur losses in one year you can deduct those losses over several profitable years.

More Advantages. . .

You can set up a corporate medical plan wherein you deduct from your taxes every dollar spent on medical and dental care, drugs, and health insurance for yourself and your family. You can also get tax deductible group life insurance even if the "group" consists of only one person.

It is important to note that potential tax savings are not the only reason to incorporate. Another chief value is that it limits your liability to the assets of the corporation in the event of a lawsuit. If you do business as an individual or partnership, you can be sued personally, which could put your house and other assets in jeopardy.

You can put more money (25% and more of income) into your corporation pension plan. This is more than a traditional "Keogh" plan which has a maximum contribution of $7,500 a year, or even an I.R.A., where the maximum that can be sheltered under special circumstances is only $1,750.

In these times of growing inflation and periodic ups and downs of the economy, your own corporation is probably the only way that you may maintain control over your economic destiny. And you can often benefit from incorporation without leaving your present job. More about that in a moment.

You Can Incorporate Simply, Easily and Inexpensively.

Up until now, throughout the majority of history, incorporation had one major drawback: high legal fees. Lawyers today charge stiff fees, up to $2,500 for incorporation. The truth is that you can easily incorporate yourself for under $50. A remarkably easy and inexpensive method of incorporating is contained in a book called *How To Form Your Own Corporation Without A Lawyer For Under $50.* It comes complete with all the tear-out forms required to start your own corporation . . . minutes . . . bylaws . . . everything you will ever need. The author, Ted Nicholas, has helped thousands of people start their own corporations and has saved them millions of dollars in the process — and many millions more in taxes.

It is very easy, and we will show you how. We'd like to send you a copy of *How To Form Your Own Corporation Without A Lawyer For Under $50* for a free thirty-day trial — without risk or obligation on your part. If, for any reason, you're dissatisfied, simply return it for a full refund of your purchase price. We'll also send you a free bonus: The Income Plan -- an astounding report that tells you exactly how to turn your present career into a tax-sheltered corporation. The Income Plan – a $9.95 value -- is yours to keep *absolutely free*, even if you decide to return the incorporating system.

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C1076

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letters

(Continued from p. 8.)

groups who had gone around deliberately identifying individual members of the CIA."

It seems to be the contention of Mr. Birmingham and Mr. Halperin that Mr. Colby's fourth reason is irrelevant because a lot of people knew or could have known Mr. Welch's identity without the publication of his name in *CounterSpy* and the Greek newspaper. I see two difficulties in that assumption.

First, those who knew Mr. Welch's identity did not necessarily include the entire universe of people who might be motivated to kill him. The publication of his name extended that knowledge within that universe.

Second, the practice of publishing the names of CIA agents that has been instituted by the communists and their friends obviously has some purpose. The people connected with *CounterSpy* have made it clear that their purpose is to maximize the interference with the functioning of the CIA agents. Of course, the maximum interference with their work is to kill them. Thus the publication of these names could be said to carry with it the suggestion that these are individuals who might appropriately be the targets of assassination. This could stimulate such action even on the part of individuals or groups who, in fact, already knew the identity of the agents....

Perhaps your readers are not aware of the fact that Mr. Halperin is not exactly a disinterested witness in this matter. Mr. Halperin has associated himself with *CounterSpy*. His Campaign to Stop Government Spying (CSGS) has taken over the defunct magazine's speakers bureau. Members of the *CounterSpy* advisory board and its contributors staff Halperin's Center for National Security Studies (CNSS), and former members of the *CounterSpy* parent organization, Committee for a Fifth Estate, work for the CSGS.

One of the leaders in the move to reveal the identities of CIA personnel is Philip Agee. In January 1977, Halperin went to London to assist Agee, and he announced that he was trying to arrange for a campus speaking tour for this notorious turncoat and communist-apologist. Agee has reciprocated by reprinting a Halperin article on alleged CIA management of the news.

I would suggest that when Mr. Birmingham cites Morton Halperin as the ultimate authority, he might inform his readers about such details of Mr. Halperin's activities and associations so that they might better understand from whence Halperin is coming.

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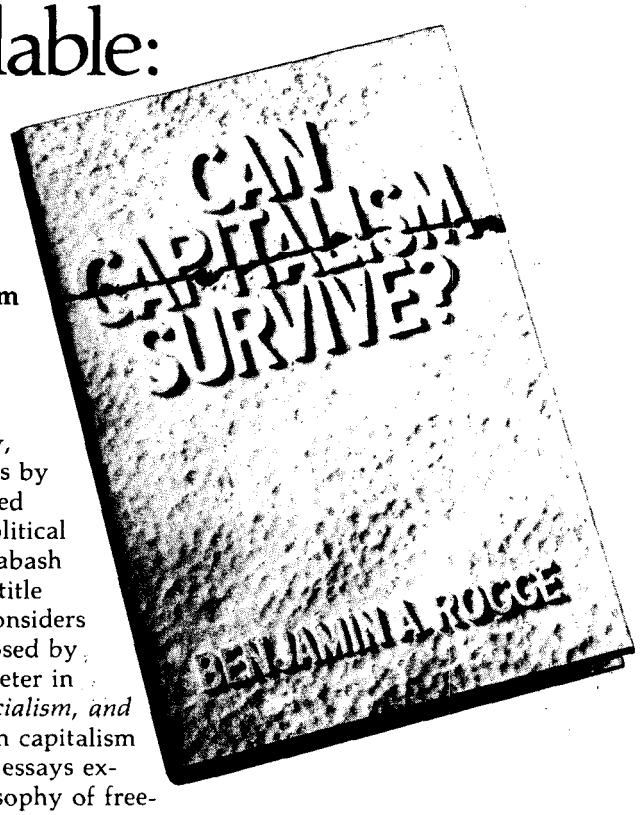

Can Capitalism Survive?
By Benjamin A. Rogge

Engaging, witty, insightful essays by the Distinguished Professor of Political Economy at Wabash College. In his title essay, Rogge considers the question posed by Joseph Schumpeter in *Capitalism, Socialism, and Democracy:* can capitalism survive? Other essays explore the philosophy of freedom, the nature of economics, the business system, labor markets, money and inflation, the problems of cities, education, and what must be done to ensure the survival of capitalism and free institutions. Hardcover $9.00, Paperback $3.50.

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Silence Broken

For years, I have followed in silence and anger the paralogistic ramblings of Mr. Birmingham. His October Brickbats, however, has convinced me that while I will continue to remain angry, I will no longer remain silent. Mr. Birmingham gleefully quotes the results of a study released by Congressional Budget Office which stated in effect, that after a massive Soviet first strike against US ICBMs, the US would still have 5,000 surviving warheads, which, if launched, would destroy 80% of Soviet industrial capacity, 90% of Soviet military targets, and kill 25-95 million of the Soviet population. From here, Mr. Birmingham goes on, in his characteristic parlor atheist mentality, to heehaw away any concern about the growing Soviet threat, as well as indulging in snide asides directed at those who argue for a stronger US defense posture. Here, as usual, Mr. Birmingham was attempting

to report the facts with a little bit of flair. And, as usual, he did neither.

After a massive Soviet first strike, the US would have 5,000 surviving warheads under two conditions: (1) that prior to or simultaneous with an attack upon US ICBMs, the Soviets did not attempt or if attempting did not succeed in knocking out the C^3 Centers (command, control, and communications) which direct and control our nuclear-armed submarines. And (2) that prior to or simultaneous with an attack upon US ICBMs, the Soviets did not attempt or succeed in destroying our nuclear-armed submarines themselves. Even granting the optimal and optimistic outcome of these two questionable assumptions, the surviving US strategic forces would still not deliver the damage attributed to them without generous Soviet assistance. The Soviets would have to make little or no effort to secure and harden their industrial base and willingly leave 130 million city dwellers concentrated and unprotected in their cities. These last assumptions are not only incredible but are contradicted by Soviet word and deed.

Prior to the outbreak of war, the Soviets plan to disperse their population out of the cities. Even if this plan worked poorly, and the people walked only one day and dug simple foxhole-like shelters, the Soviets claim that fatalities would be limited to 8-15 million. A figure the Soviets must find quite acceptable given their own bloodstained record which has claimed the lives of many more. Similar damage-limiting precautions would be instituted to protect machinery and other equipment essential to production which would dramatically reduce damage to the Soviet industrial base. An extensive study done in Washington State has confirmed the reliability and accuracy of these Soviet estimates....

Would the US even contemplate launching her surviving forces given the likely exchange ratio? A US retaliatory second strike would destroy about 5% of the Soviet population and about 25% of the Soviet industrial base only to be matched by a Soviet follow-on strike that would destroy about 90% of the US industrial base and kill 95-120 million Americans. The alternative facing the US would be simple—suicide or surrender.

This is the present state of US defense capabilities, and they are growing worse. Mr. Birmingham has not only missed the boat—he isn't even on the right pier. He has, however, neatly isolated what is wrong with so much of left libertarian thought....

Carl Hanig
Dorchester, MA

On the Defense

This letter is written in response to Bill Birmingham's outlandish statement that I distorted his inane comments vis-à-vis the neutron bomb [October]. Among the minor points contained in my letter [June] was indictment of his contention that (1) the neutron warheads will result in more civilian casualties than conventional weaponry and (2) increased conventional armaments would be less costly than deployment of the neutron bomb. ***He repeats the same drivel in his rebuttal***, so where is the distortion?

The way Birmingham and company see it, battles are fought in isolated arenas where the operative words "precision guided" are substituted for reality, thus "proving"—by word manipulation if not in fact—the superiority of their argument. Unfortunately, tank battles are fought with infantry, artillery, air support, and whatever else can be thrown in. "Precision guided" munitions of the sort Birmingham advocates will not neutralize the infantry, artillery, and air attack that accompany the tanks. The neutron bomb will—in conjunction with other means of defense. So the question is not simply a trade-off between TOW and the "N" bomb. They are really two completely different systems.

And as far as costs go, it should be well understood that only in the hands of exceptionally well qualified professional soldiers does the weaponry he advocates stand a chance—and those missile fire teams must be supported by ancillary combat and combat support forces far more numerous and costly than the fire teams themselves. Furthermore, it is still a military fact of life that a tank is the best conventional defense against other tanks. So when we talk of costs, we better add up the total picture....

Facts are facts, and obfuscation by clever word manipulation does not change the real world. Anyone who thinks the same defense result can be achieved with conventional substitutes for advanced technology—at less or similar cost—simply hasn't added it all up. And irrespective of the validity of these persons' views on other—less technical matters—they show an immense ignorance of the nature of modern weapons and their use. And more than that, they do a disservice to the libertarian cause by advocating a half-baked policy.

But the issue raised by Bob Poole's editorial [January] and Birmingham's disagreement with it, is far more important than who can write the nastiest letter to the editor. The issue is what kind of defense posture should libertarians advocate. And that issue is separate and apart from libertarian foreign policy. I respectfully submit that a libertarian can consistently advocate a non-interventionist foreign policy (including withdrawal from NATO and so on)—as I do—and also advocate strong defenses irrespective of whether those defense forces are structured in a limited government framework or under the control of private defense agencies or whatever. The question of a strong defense is primarily a technical one. How do we defend in the most cost-effective manner in terms of materiel and personnel and stay loyal to the libertarian

(*Continued on p. 47.*)

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brickbats

☐ **Things have been rough**, of late, for the fabled Ralph Nader, and no blow was crueler to the consumer demagogue's family-sized ego than the bizarre events at Jonestown, Guyana. Just imagine having to go before the FTC, SEC, Justice Department, Consumer Product Safety Administration, and abundant congressional hearings to argue the case for protecting Americans from themselves and to then see nationwide headlines exposing the fate of nearly 1,000 volunteers for the Christian-Marxist crusade of Rev. Jim Jones. What are Saturday morning cereal ads on TV compared with this fleecing of the sheep?

☐ **The epic tragedy in Jonestown** had no apparent connection to the double assassination of San Francisco Mayor George Moscone and Supervisor Harvey Milk. The accused is their former colleague, the Hon. Daniel White, who had quit the Board of Supervisors (on account of its puny salary) but had then felt the tug of power and was desperately scrapping to get back into the ball game. Gliding through the impressive City Hall, he was able, in two different offices, to demonstrate Mao's maxim about the true origins of political power. These incidents, combined with the Prop. 13 panic, have many of our political godfathers quivering. Has an open season on politicos arrived?

☐ **Shirley Maclaine** and the notorious Gang of Four have also been quivering. News stories pouring in to the West give notice that the heroic China may be switching from "Red" to "Green." Creeping capitalism has crawled into the highest offices, and a recent Chinese government dispatch pictured US life as healthy and, for the great masses, wealthy. The official *People's Daily* was most enthralled by the exploitative capitalist "work ethic," saying, "without the diligent labor of a great many workers and technicians (still not to mention entrepreneurs and bankers) America's production could never have risen to today's levels." Unofficial protests have gone much further in idolizing US capitalism and charging that the last decade of Mao's regime was no more than a "fascist dictatorship" which "kept the people in the dark" about progress around the globe.

The People's Republic may even be swinging around to our way of *government*, as evidenced by the revelation that a high-ranking Communist Party functionary has embezzled $200 million in flood relief funds in the past three fiscal years.

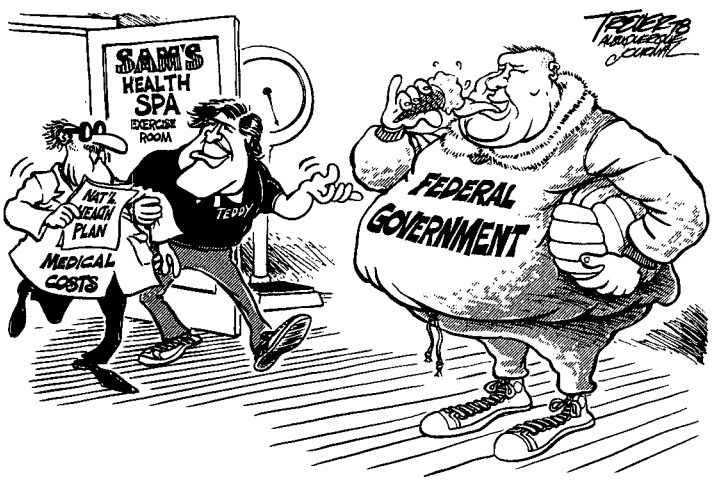
☐ **True to form,** the November elections elevated those who promised the maximum and spoke truth the minimum. In California Governor Jerry Brown, campaigning with his old pal Howard Jarvis, made mincemeat out of a turkey GOP opponent. So incredible was his antigovernment preelection rhetoric that a long-time Golden State Demo griped, "Jerry has poisoned the political wells in California and is prepared to do the same thing nationwide. . . . The reality is, we need government."

☐ **Last October** the United States placed a trade embargo on the ever-popular Uganda. So Field Marshall Idi Amin has established his own "human rights commission." Staffed by some of Amin's most able assistants, the panel of murderers and rapists found the US embargo to be in violation of "human rights," demonstrating that President Carter is not the only one with a knack for reducing the issue of freedom to vacuous shibboleths. The embargo may prove ineffectual, however, for Amin claims to have purchased 100,000 US Army uniforms "without the knowledge of the Jews in Congress." Uganda's 20,000-man military force will be handsomely clad for some time to come, but the sight of Amin's butchers ravaging the African countryside in American outfits has got to add some real fervor to the oft-heard "Yankee go home!"

☐ **In 1976, President Carter** swore on a stack of Bibles that even the hint of corruption would be instantaneously banished from a Carter White House. Well, the electorate bought it, but today many, including Common Cause, ain't so sure. The latter group has sued the chief executive for appointing the politically well connected John McGarry to the Federal Elections Commission at an honorarium of $50,000 per annum. The presidential appointment of McGarry, a Boston lawyer whose chief qualification for public service is thousands of hours of drinking time invested with House Majority Leader Tip O'Neill, was called "a political payoff" by Common Cause. They further alleged that the born-again Mr. Carter was "playing the shabbiest politics."

☐ **The General Accounting Office** has disclosed that it put one "Donald Duck" on the HUD payroll computer at a whopping $99,999 annual salary to test the fraud-detection devices elaborately installed on the behemoth government computer. Predictably, the feds flunked, and the "fail-safe" contraption never blinked an eye in printing and sending the fictitious bureaucrat's check. Interestingly, the maximum legal salary for any of HUD's civil service employees is $47,500—less than half of Mr. Duck's haul. This gives one an idea of the extreme complexities with which government must deal. Incidentally, Donald's check was destroyed on the grounds that he was simply a nonworking experiment. Curiously, this reasoning has never been invoked to deny any federal jobholders their booty.

—Thomas Winslow Hazlett



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trends

Tax-Revolt Victories

November's elections gave evidence that the tax revolt is no passing fad. Across the country, voters gave their approval to nearly every ballot measure cutting taxes or limiting state spending. Property tax cut measures modeled directly after Proposition 13 were enacted in two states; two others were defeated, but only due to the presence of competing anti-tax measures. Spending limits were enacted in five other states, an income tax slash in another. Altogether, 80 percent of all such measures won approval by the voters. The 12 states with taxpayer victories:

- *Alabama:* voters approved a constitutional amendment to lower property appraisals, so as to prevent a near-doubling of property taxes due to court-ordered reappraisal.
- *Arizona:* voters approved by 3-to-1 a proposition to limit state government spending to seven percent of personal income.
- *Hawaii:* a constitutional spending limit was approved here, as well.
- *Idaho:* a Jarvis-Gann-style constitutional amendment slashing property tax rates to a maximum of one percent passed with about 58 percent of the vote.
- *Illinois:* an advisory vote on spending limitation was approved by a 4-to-1 margin.
- *Massachusetts:* voters approved Question 1, granting homeowners a $5,000 property tax exemption and limiting assessed value on residential property.
- *Michigan:* Measure E, a constitutional spending limit, was passed, while two other measures, H (education vouchers) and J (property tax cut) were defeated.
- *Missouri:* voters approved a measure allowing the legislature to lower property tax rates if courts order reappraisals.
- *Nevada:* a property tax rollback to a one percent ceiling (from about 1.7 percent now) passed 3-to-1. It must be approved again in 1980 before taking effect.
- *North Dakota:* a 37 percent cut in personal income taxes was approved.
- *South Dakota:* voters approved a measure requiring a two-thirds vote of the legislature or a referendum in order to increase any state taxes.
- *Texas:* by a 5-to-1 margin, voters approved a constitutional spending limit.

The only noticeable defeats occurred in Michigan (noted above), Colorado, and Oregon. In Colorado a constitutional spending limit was turned down by 59 percent of the voters, but it was widely viewed as being ineffectual, since it tied permissible increases to a combination of the Consumer Price Index and population growth. The state already has a statutory limit of a flat seven percent, which voters evidently preferred. In Oregon the Jarvis-backed property tax cut plan, Measure 6, went down to defeat, as many voters opted for a watered-down substitute (Measure 11) proposed by the politicians. Both suffered narrow defeats by splitting the anti-tax vote.

All things considered, the tax revolt thus showed itself alive and well as of November.

Other Freedom Victories

November's elections brought other gains for freedom, besides reductions in taxes. Alaska voters approved a plan whereby up to 30 million acres of state-held land will be privatized—given out to residents—with the size of the parcel based on the length of residency (40 acres for three years, 80 acres for five years, and 160 acres for 10 or more years). If upheld as constitutional (it's being challenged), the measure could be the 20th century's largest episode of privatization.

California voters defeated two initiatives that would have restricted freedom: Proposition 5 to ban smoking in restaurants, offices, and other private properties; and Proposition 6 to fire homosexual teachers. Los Angeles city and county voters gave overwhelming approval to measures permitting contracting with private firms for public services, while San Franciscans approved an advisory measure directing city officials to cease enforcing marijuana prohibition.

In North Dakota voters turned down a measure that would have imposed price controls on various health care providers. Demonstrating a better way to hold down such costs, Oregon voters repealed the state's ban on dental technicians' fitting dentures. Formerly, only dentists were allowed to do so, and consumer advocates promoted the measure as a means to lower prices via increased competition.

Even the advocates of nonvoting had something to cheer about. Voter turnout nationwide was only 34 percent, compared with 36 percent in 1974 and 43.5 percent in 1970, the previous off-year elections. That's the lowest since 1942's 32 percent but still doesn't "top" the 30 percent turnout recorded back in 1926.

NHI Support Lacking

Support for proposed National Health Insurance (NHI), once thought to be inevitable, is nowhere near what it once was, according to several indicators. A 1977 poll by the University of Chicago revealed that 88 percent of the public was satisfied with its health care. And President Carter appears willing to risk the wrath of congressional liberals by putting any sort of NHI legislation on the back burner for the next two years.

Should such a plan eventually be enacted, what would the consequences be? That question was addressed recently by economist Ted Frech and policy/community health scientist Paul Ginsberg in a study for the American Enterprise Institute. A full-scale NHI plan would lead to an explosive rise in costs, followed by a decline in the level of medical care, they concluded.

One of the major problems is that none of the proposed NHI plans includes any direct payment by the patient; "therefore, the price of services is irrelevant to him. . . .The consumer will demand the best possible care regardless of its costs." Government would respond to this increased demand, and the resulting price increases, with price controls. That, in turn, would lead to cuts in services, as doctors chose specialties they preferred, moved to more desirable areas, and cut quality and amenities. The result would be longer waits and other forms of non-price rationing—as are common, for example, in England.

One place where NHI *has* been tried and rejected is Australia. As of last November 1, the Australian government scrapped its NHI program, Medibank. Health insurance taxes are no longer compulsory, nor is the purchase of any form of health insurance. Instead, health insurance has become entirely voluntary. Perhaps it's not too late for America to profit from Australia's experience and avoid making a costly mistake.

Airline Competition Blossoms

President Carter signed into law the Airline Deregulation Act on October 25. It loosens the Civil Aeronautics Board's control over fares and routes, ends them entirely by 1983, and abolishes the CAB altogether in 1985. A CAB aide told the *Wall Street Journal* the agency would start handing out new routes "like confetti."

Airlines didn't have long to wait. The CAB announced that dormant routes could be applied for immediately, and

even before the ink of Carter's signature was dry, representatives of 20 carriers were camped on the agency's doorstep. Less than three weeks later the agency awarded 248 routes to 22 airlines, among them six that had never before flown in interstate service. The biggest winner was Braniff, which gained 60 new routes. Parceling out dormant routes (those that had only one carrier or weren't being served at all) was only the first step; in coming months the CAB will be allowing much additional service, as carriers apply under greatly liberalized procedures.

All across the country airlines began advertising new service, many of them offering special promotional fares. Pan American, for example, to celebrate its newly awarded New York-Los Angeles run, announced a $99 round trip—for a limited number of seats, three days a week. One Florida airline was even offering to pay passengers $1 to fly its new Florida-Bahamas route on a stand-by basis. On a more serious level, Trans-International and World Airways both announced the start of coast-to-coast service at a one-way fare of $99 for *all* seats on a regular basis. The lowest nightcoach fare had been $207, with advance purchase required.

The effects of deregulation were even spilling over into the international arena. The International Air Transport Association (IATA)—long acting as a price-fixing cartel among international air carriers —voted almost unanimously to relinquish its fare-setting powers. In the future, it will stick to service functions like coordinating baggage transfers among airlines. Freddie Laker's Skytrain service marked the beginning of the end for the cartel, demonstrating to other airlines the potential of price-cutting competition. But the final blow was struck by Alfred Kahn's CAB. It issued a show-cause order asserting that IATA's cartel-like operations violated US antitrust laws. From then on, the cartel's dissolution was inevitable.

Parent/Student Victories

In two separate cases, courts have upheld the rights of parents and students to choose alternatives to public schooling. In Kentucky, Franklin County Circuit Court Judge Henry Meigs ruled in favor of the Kentucky Association of Christian Schools in their battle with the Kentucky Department of Education. The state had issued truancy warrants against parents of children in these Christian schools because the schools lacked state accreditation. The association filed suit against the state, arguing that the First Amendment allows them to operate schools without state supervision or interference. As part of its defense, the association presented achievement test scores showing children in the schools as much as 1.7 years above the national average. Judge Meigs ruled that the state failed to present evidence that it had a prevailing interest in the schools. They are therefore free to continue operating unmolested.

An organization that assists such schools and parents in battling public schools and interpretations of attendance laws has won a victory of its own. For several years the Internal Revenue Service had refused to grant tax-exempt status to the National Association for the Legal Support of Alternative Schools, contending that it advocated disobedience of compulsory attendance laws. Not so, ruled the Tax Court. NALSAS provides the public information about alternatives, but there is no evidence that it advocates disobedience of the law. The decision will help the organization to survive, says founder Ed Nagel, by opening the door to foundation grants.

ICC to Follow CAB

Now that the Civil Aeronautics Board is on the way to abolition, the next target for deregulation is the Interstate Commerce Commission, the nation's oldest regulatory agency. For years economists have documented the agency's harmful effects —on the one hand, limiting entry into trucking and keeping truck rates high; and on the other, hamstringing the railroads by refusing to allow abandonment of unprofitable branch lines while restricting rate increases on viable routes, leading to a severe capital shortage.

Deregulation of both trucking and railroads is now on the horizon. Transportation Secretary Brock Adams announced in November that the administration is drafting legislation to largely deregulate both industries. The bills, expected in March, will let railroads raise and lower rates much more freely, abandon money-losing lines, and generally get out from under the ICC's thumb. This would restore their financial health, thereby avoiding the need for further subsidies to Conrail, forestalling additional bankruptcies, heading off proposals for nationalization of roadbeds, and maybe even bailing out Amtrak.

And many railroad leaders are supporting the idea. Chessie System vice-president John Snow has told reporters that the railroads are considering proposing total deregulation for the rail industry over a five-year span. "It may be called the 5-R Act," Snow said, adding that "the forces of deregulation are winning out and I am delighted at that. For the sake of rail transportation, the sooner the better."

The administration's trucking bill is expected to sharply reduce ICC control over both rates and entry to the industry. Moving to head off legislation, ICC chairman Daniel O'Neal has circulated a memo to the other commission members urging partial deregulation. His plan, received without enthusiasm by the other commissioners, would largely eliminate regulation of 15,000 specialized truckers —those that don't operate over regular routes. For the general-commodity truckers, entry restrictions would be eased and the burden of proof switched from new applicants to incumbents. The ICC would also permit truck rates to be raised or lowered within a "zone of reasonableness" and eliminate antitrust immunity on rate setting for specialized carriers. (The Justice Department is urging that *all* antitrust immunity be abolished.)

O'Neal backs away from deregulation of other trucking services, such as household movers, arguing that individual consumers need ICC protection. This concern is flatly contradicted by Prof. Denis A. Breen's study of moving costs in Maryland. That state is the only one that does not regulate many trucking rates (including movers). About 175 firms compete in moving household goods in Maryland. Breen made two surveys of the cost of moving a typical 7,000-pound load of household furniture a distance of 125 miles. In one case, the move was to be *within* Maryland; in the other, across the state line and therefore subject to ICC regulation. The ICC-regulated rates were from 27 percent to 67 percent ***higher*** than the competitive (unregulated) rates. So much for ICC protection!

The trucking industry trade group—the American Trucking Associations—is gearing up to fight deregulation, offering a proposal of its own that would reduce

rate regulation but retain restrictions on entry—thereby assuring high rates due to limited competition. One of its major arguments is that small communities will lose service under deregulation. Don't you believe it! A study commissioned by Sen. Howard Cannon's Committee on Commerce, Science, and Transportation last year found that this is simply not so. Policy and Management Associates of Cambridge, Massachusetts, concluded: "Predictions of wholesale elimination of service to small communities following deregulation are completely unsupported by the data.... Rather, it appears that service to small communities would not deteriorate and might, in fact, improve under deregulation," thanks to the greater number of firms in the market. The *Journal of Commerce* now reports that "some large and medium-sized firms... have apparently concluded that deregulation is inevitable and that they can survive it."

Perhaps the most interesting commentary on the whole subject comes from the editors of *Business Week*. After reviewing the political support building for trucking deregulation, the magazine's editors have urged, "Do it quickly." Partial or delayed deregulation, they wrote, "would create uncertainties for operators and shippers alike.... By contrast, complete deregulation—abolishing exclusive routes, permitting unlimited entry, allowing each hauler to set his own rates—would let the industry make a quick adjustment and plan for the future on the basis of a known set of rules." We couldn't have said it better.

Unions Lose Two Big Ones

For several years the National Right to Work Committee has been waging a campaign against the use of union dues for political purposes. Since in many cases workers are compelled to join unions in order to hold a job in a particular field, it is illegal for an individual's dues money to be spent on political campaigns without his consent. But this requirement has frequently been evaded by politically powerful unions.

In October 1976 the National Right to Work Committee took on one such evasion—a reverse check-off scheme of the National Education Association, the country's largest teachers union. Under the plan, the NEA automatically deducted political contributions from teachers' paychecks; to get them back, teachers had to file written requests for refunds—a process that not only is time-consuming but also has the effect of singling out those who disagree with the union's political stance. The committee therefore filed a complaint with the Federal Elections Commission. Last July US District Court Judge Oliver Gasch ruled that the reverse check-off system is by its very nature illegal. The NEA then proposed to refund past contributions only to teachers who asked for a refund—a continuation of the very principle the judge had found illegal. Not good enough, Judge Gasch ruled in November. The entire $800,000 must be refunded to all the teachers from whom it was collected.

That same month the committee's nonprofit affiliate—the National Right to Work Legal Defense Foundation—won an important victory of its own. In 1973,

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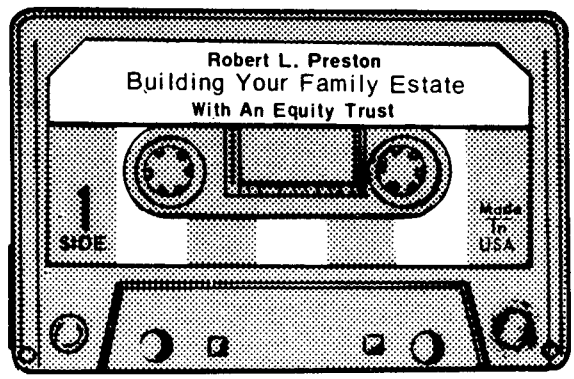

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12 unions, led by the United Auto Workers, sued the Foundation, contending that it was serving as a conduit by which employers financed legal activities against unions—a violation of the Landrum-Griffin Act. The foundation offers free legal aid to workers whose rights have been violated as a result of compulsory unionism. It is supported by contributions from individuals and corporations —some of whose employees might call on the foundation's aid.

It is because of the latter possibility that the unions sued, demanding to see the foundation's list of contributors. The organization objected, fearing that if its contributors' names were made public, they would be potential targets for harassment. It argued that First Amendment guarantees of petition, association, and free speech protected it and its contributors in this regard.

In 1977 a federal district court agreed with the foundation's position. And last November a unanimous three-judge Court of Appeals agreed. The unions must seek other forms of evidence against the foundation, it ruled. Moreover, the court affirmed the foundation's right to litigate on behalf of employees as not inconsistent with the Landrum-Griffin Act. That act would only be applicable if the unions could prove that employers have direct control over foundation suits.

Long-Distance Competition

The growing competition in transmitting information between cities—long an AT&T monopoly—has taken several major steps forward.

To begin with, the US Supreme Court finally settled the long-simmering battle between AT&T and MCI Communications, Inc., by ruling that the telephone giant cannot refuse to provide local telephone links for MCI's long-distance microwave communications links. Since local AT&T affiliates have a legalized monopoly on telephone service, there is no justification for them to refuse service to any user. The ruling means that MCI can finally proceed to expand its low-priced Execunet service to more cities, competing with AT&T for long-distance voice and data communications.

A new competitor has also joined the long-distance market, bypassing the telephone system altogether. Xerox has applied to the Federal Communications Commission for permission to offer its Xerox Telecommunications Network (XTEN) service, starting in 1981 and expanding to 200 cities. XTEN would use satellites for the long-distance links, beaming signals to earth stations that would connect to business users via 10 GHz. microwave radio. Each user would need a two-foot diameter rooftop dish antenna. The service would provide each user with a wide bandwidth, equivalent to a number of telephone lines. Among the services to be offered are document transfer (facsimile), computer networking, and conference calls.

XTEN would compete directly with the IBM/Comsat/Aetna joint venture called Satellite Business Systems and with AT&T's Advanced Communications Service network, as well as with smaller competitors like MCI and American Satellite Corp. Among the services most likely to be affected is the Postal Service. As the cost of sending documents digitally continues to drop, more and more business mail will shift to these firms rather than risk "snow, rain, heat, or gloom of night."

Politics and Economics

Did you ever wonder why the economy seems to perk up in presidential election years? Did you suspect that this may be more than just coincidence, given that the government has control of both the money supply and the tax system? So did Prof. Edward R. Tufte of Yale. His recent book, *Political Control of the Economy*, shows that these common suspicions are well grounded in fact.

Tufte gathered 11 years' worth of data on elections and per capita disposable income, not just for the United States but for 26 other countries that hold free elections. In 19 of them, including the United States, there was a clear connection between election years and increases in income, as governments stimulated the economy to produce the short-term appearance of prosperity.

Tufte proceeds to itemize the price we all pay for this kind of manipulation: a boom/bust economic cycle, manipulation of transfer payments, playing "pranks" with Social Security and the payroll tax, and a general bias "toward policies with immediate highly visible benefits and deferred, hidden costs."

Which, of course, we knew all along. But it's refreshing to have a Yale professor and Princeton University Press confirming such things.

The Price of Controls

A rising chorus of voices is speaking out against wage and price controls, even as the administration's "voluntary" program begins to look more and more compulsory. Economist Gary M. Wenglowski of Goldman, Sachs & Co. predicts that the controls program will produce more distortions and inefficiencies in the economy than the Nixon controls. Why? Because they're being introduced at a time of high demand and robust economic activity, rather than a time of slowdown. Economic commentator William Wolman adds that the Nixon controls period "may, in retrospect, have been a picnic compared with what may happen" this time.

Another prominent voice is that of Mark H. Willes, president of the Federal Reserve Bank of Minneapolis. His analysis of the Nixon controls period shows that when controls are removed, the economy is actually worse off than if controls had not been imposed. The Nixon controls produced shortages of aluminum that reduced production of air conditioners and refrigerators, steel shortages that hampered coal and oil production, and fertilizer shortages that reduced agricultural productivity—leading to higher food prices. The controls also led to reduced investment in new plants and equipment, in response to limited profit opportunities. This, in turn, reduced job opportunities, leading to higher unemployment.

Taking another tack is Laurence Silberman, who served as a deputy attorney general in the Nixon-Ford administrations. In a strongly worded *Wall Street Journal* article, Silberman argued that Carter's wage/price control program is essentially illegal, lacking statutory authority. "This whole business is a sad misuse of governmental power and such misuse can be contagious," he wrote. "Where, therefore, is the ACLU? And where, I should like to ask, is the American Bar?"

Where, indeed?

Milestones

• *Regs Scrapped.* The Occupational Safety and Health Administration has scrapped 928 safety regulations deemed "nitpicking" because of their triviality. Unfortunately, the action leaves firms vulnerable to $1,000 fines for violating about 4,000 other standards still on OSHA's books, many of them nearly as ludicrous and all of them costly.

• *Moynihan Recants.* One of the architects of the idea of a guaranteed annual income has lost his faith in the plan. Sen. Daniel Patrick Moynihan (D-NY), author of the Nixon "Family Assistance Plan," expressed his second thoughts in a letter to William F. Buckley, Jr. As the reason for his conversion, Moynihan cited federally funded experiments with the plan in Seattle and Denver (see "Trends," August 1978) showing that a guaranteed income led to less work and more divorces.

—Robert Poole, Jr.

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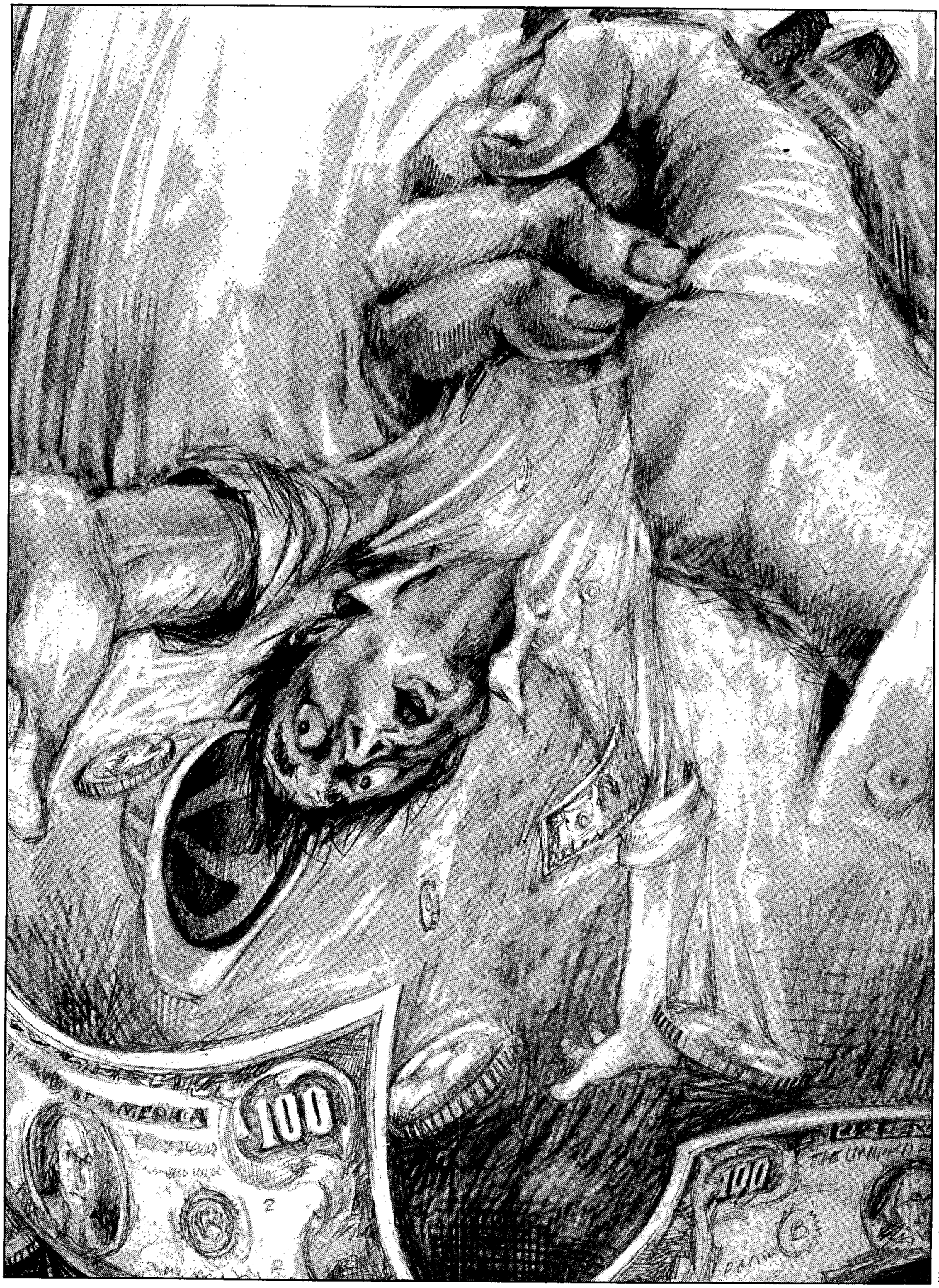


Illustration by Don Wood

The Great 1979 Social Security Heist

Taxes Hiked 31%. Benefits Slashed 20%. Happy New Year.

by Warren J. Shore

YOU'VE GOT TO HAND IT to the US Social Security Administration. What other agent of any government could say of itself that it spends more each year than the Pentagon, that it takes more from America payrolls than the Internal Revenue Service, and that its own employees want no part of the program they administer?

The 41-year-old Social Security system has passed some interesting milestones along the way. The almost embarrassing surpluses of the early 1940s have become the nearly five-billion-dollar deficit of 1978. In 1979, after nearly a decade of spending billions more than was taken in, the Social Security system will "balance the books," so to speak, with a tax increase so enormous that it amounts to taxing every man, woman, and child in the nation $500 a year whether or not they work.

Social Security will balance the books by taking in more money this year while making the benefits much worse. The maximum Social Security tax payable in 1979 will have increased by a whopping 31 percent while items like maximum family death benefits are going *down* nearly 20 percent. This is a very direct way to balance the books. It is also a stunning national fraud.

The fact is that the 1979 Social Security tax increase is so large that the 95th Congress feared going home to face the November elections without enacting an income-tax reduction totaling $18.7 billion. As Rep. Al Ullman of the House Ways and Means Committee put it, this way "the average guy can just hold his own after what Social Security is going to do."

But we need much more than a "tax break" such that the Social Security system's price tag won't strangle the average budget. We need to know more about what Social Security really is.

Most Americans aren't aware that more payroll tax goes to Social Security than to the IRS. Social Security has never been a major issue in a national election. Could it be that we just don't care?

More likely is that most Americans believe that, whatever the cost, Social Security protection is top-of-the-line, the best that could be gotten anywhere. That, anyway, is what we're told to believe. So while Congress debates whether it's easier to take money out of paychecks as "withholding" or as "FICA," nobody is asking whether the protection we're buying is really any good. It isn't.

Keeping the illusion intact, however, is a full-time job. We either can't or won't see that income protection and retirement benefits can be reduced to insurance needs with well-established and well-regulated price tags. We can get that protection from many sources, including the federal government. But the federal government doesn't like to discuss price, and when it comes to describing protection versus cost, it seems they'd rather we looked the other way.

Thus, when the privately financed Research Institute of America and the California Taxpayers' Lobby sought Social Security information, during 1976 and 1977, for their readers and contributors, both were told of the hypothetical Richard Williams family and how well the family is protected by his Social Security contributions.

The family, according to the administration example, is headed by 35-year-old Richard Williams, a salesman who has always paid the maximum Social Security tax. His wife, Mary, cares for the couple's two children, ages four months and three years, in their home. We are told, cheerfully, that even though Richard Williams has only worked since 1971 and will have contributed (as of mid-1978) only $6,033 to Social Security, he and his family are protected by more than $364,100 worth of promises from the federal government—a tax-free bonus of more than a third of a million dollars made up of potential death, survivors', and retirement insurance benefits.

COMPUTING AN ILLUSION

How can a program be bad when it sounds so good? The answer rests in the financial fudging, manipulation, and out-and-out lies used to compute the Richard Williams "typical example." * Rather than reaping a financial windfall, the Richard Williams family and the millions of other American families just like them suffer a secret loss every year. Here's how it works.

Using the Social Security death and survivors' benefits as an example, the administration describes the "value" of Richard Williams's government life insurance as $241,543. These are the assumptions: If Williams died in 1978, Mary and the two young children would be entitled to receive $1,059.40 per month in a family benefit check until the Williams's older child (three years old) reached 22. With 228 such monthly checks, the total would be $241,543.20. At this point Mary's benefit would stop, but the two children would continue to receive $908.10 per month until the younger child (four months old) reached age 22, assuming he remained a full-time student. This additional 32-month benefit would total $29,059.20. So far

* It is not the purpose here to impugn the motives of either the Research Institute of America or the California Taxpayers' Lobby, as both groups appear to have acted on what was believed to be reliable government information.

the benefits in this example total $270,857.40, including the $255 to cover part of Williams's burial expenses.

But, says the government, this isn't all. Though Mary Williams would stop getting her own survivors' benefit when her younger child reached 18, she could apply for widows' benefits as early as the age of 60 and receive a monthly check for $432.86. Assuming Mrs. Williams survived to age 78, this annuity, says the administration, would be worth $93,497.98.

There you have it, we are told. For a modest tax contribution of less than $6,100, Richard Williams can rest easy with the assurance that his family is protected to the tune of $364,100.38. Further, we are assured, Williams's family protection level will rise each year he lives as long as his wages continue rising with the cost of living.

The trouble is that Williams's "protection" costs more than his government tells him it does and is worth considerably less.

In the first place, his Social Security bill has not been $6,000 during his working life, but $12,000. For some unfathomable reason the Social Security Administration persists in telling taxpayers that the cost of the program is the amount in his paycheck box marked "FICA," even though it is widely understood that the employer is required to match that amount before sending the money off to the government.

In a June 1974 statement published in the *New York Times*, Commissioner Cardwell described the employer's portion of the Social Security tax as "simply a cost of doing business" and thus not part of the employee's cost of protection. This is, as University of Chicago economist Milton Friedman has labeled it, classic bureaucratic double-think. Cardwell's conclusion simply cannot be supported.

During 1978 the hypothetical Richard Williams (and anyone else earning $17,700 or more in wages) will have had $1070.85 deducted from his pay for Social Security. This amount, however, will not satisfy the Internal Revenue Service, which acts as a collection agent for the Social Security Administration. The total that the IRS expects from his employer as a result of Williams's labor is $2,141.70. What is to be gained by the sham of telling Williams and others like him that the "cost" of his Social Security protection is $1,070.85 when the government demands $2,141.70 and will not accept one penny less?

Most Americans aren't aware that more payroll tax goes to Social Security than to the IRS.

The endless economic wrangle over who really bears the cost of the "other" $1,070.85 simply clouds the issue. What is being studied here is the number of dollars the federal government demands in order to make the promises made to Richard Williams. The answer is $2,141.70 in 1978.

COMPOUNDED FRAUD

Still, one might ask, why quibble over $6,000 when Williams's family was promised 60 times that amount should he have died in 1978? The hidden $6,000 is important because it compounds the incredible fraud of identifying Williams's Social Security promise as being "worth" $364,100. It is in fact worth so much less that Williams and others like him are actually overpaying the government *more than 100 percent* every year!

The real *value* of Social Security's promise to the Richard Williams family is less than half of what the government says it is. And the real *cost* of making this promise is less than a third of what the government is demanding in taxes.

To simplify matters we will accumulate the Social Security Administration's overstatements as we go along. When the federal government promises Richard Williams that his family will get $1,059 per month for 228 months, one assumes that administration actuaries are aware that it does not cost $241,543 to make such a promise. Money paid out over a number of months or years, of course, has time to earn interest, so that the sum total of payments is not needed at the beginning. Since the Social Security Administration employs more than 50 full-time actuaries and many others on a part-time or consulting basis, we can be certain they are familiar with the financial truth that it doesn't cost $100 now to offer someone $1 a month for 100 months.

The real question the Richard Williamses of America must ask is how much would have to be deposited in savings to assure one's family of $1,059 per month for 228 months. Even if we assume a minimal passbook rate of 5.5 percent, we find that the cost of that promise is not $241,543 but $147,565. The government has overstated its promise to Richard Williams by 63 percent, or $93,978.

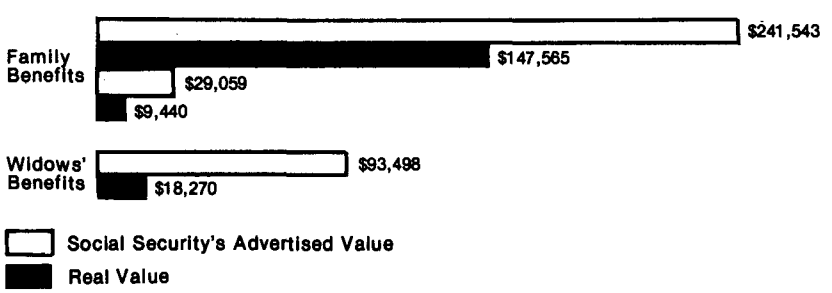
To continue, the government then promises that once the youngest Williams child reaches 22 the family benefit will be reduced to $908.10 a month, to remain at this level for 32 more months. By carefully multiplying $908.10 times 32, the administration concludes for us that this additional promise is worth $29,059.20. As before, however, all is not as it seems.

Again the question to be answered is, How much money would Richard Williams need today to be able to duplicate the government's guarantee to his family? For a total of $29,059.20 due in 32 monthly installments of $908.10, a fund of $26,107 held at 5.5 percent interest would cover the payments.

So far we know the "additional" $29,000 is worth no more than $26,000, but the federal actuaries know a lot more than that. Remember that the first part of Williams's benefits ($1,059 per month) would be payable immediately on his death, but the "additions" wouldn't be due to start until 228 months later, when the first benefit runs out.

We should then change our question. How much money, we should ask, does Mr. Williams need *now* to be able to assure payment of $908 per month beginning more than *19 years* from now? The answer is that he would need to set aside

Value of Survivors' Benefits for "Typical Employee"



only $9,440 to cover the payments—not $29,059, as the administration example implied.

This time the government overstatement of the value of the promise made to Richard Williams is a whopping 200 percent, or $19,619, bringing the total discovered "error" thus far to $113,597. And the worst is yet to come.

The Social Security Administration values the widows' annuity due Mary Williams at $93,497.76 because she is entitled to receive $432.86 each month at age 60 and is expected to live another 18 years afterward. We have seen enough so far to realize that the price has been set much too high.

Richard Williams in 1978 could bequeath his 35-year-old wife a $432.86-per-month pension when she reached 60 by insuring himself for $18,270 today. Surely one of those administration actuaries knew that $93,497.76 overstates the government's pension offer to Mr. Williams by an incredible 411 percent.

DELIBERATE DECEPTION

Why isn't Richard Williams told the truth—that his federal insurance death benefit, burial fee, and annuity package has the wrong price tag attached? Instead of $364,100, the real potential value of the offer to Williams is $175,275. It is impossible that an entire bureau of federal actuaries does not realize that the "Williams example," so proudly displayed, is in fact a 107 percent error that overstates the real value of the government protection by more than $188,825.

Nor is this all of the "Williams example."* In the full reports designed "to show you in exact dollar terms just how much your Social Security is worth," we are told that families like Mr. Williams's are due potential benefits of "over $700,000" on taxes already paid. This figure is so absurdly false that it deserves no more mention than as an example of the depth of the administration's deceit.

The $700,000 amount is arrived at by adding to the already discussed $364,100 additional "potential benefits" in disability protection and retirement annuities for Richard Williams himself. The last two "benefits" are calculated in the same manner as the death benefits we've already looked at.

No American worker could discover a more lucid illustration of the intelligence estimate his government has made of him than by studying this example. In order to reach the "potential benefit" of $700,000, workers like Richard Williams would have to discover a way to become 100 percent disabled at 35, die at 35, and still work to age 65 before dying again at the mathematically average age of 78. To add up three different programs that could *never* be paid to the same family during the same lifetime must establish some record for lunacy.

The fact that most Americans don't know the real price tag for Social Security is what keeps the system afloat.

These examples are not, of course, administration mistakes. They have been carefully designed to produce the precise attitude that exists today. The American Social Security system is based upon the belief, by people like Richard Williams, that a promise of $364,100 (in death and annuity benefits alone) is a fair return for the $2,141.70 in Social Security taxes the government demanded of Williams and his employer in 1978. It is sustained by the further belief that a 31 percent increase paid in 1979 will buy a 31 percent rise in real protection and keep the system solvent. Neither is true. Protection will go down.

The truth is that American working families will have much less protection per tax dollar in 1979 than they had in 1978. The ratio of taxes to benefits will become slightly worse in 1979 and every year thereafter. What *will* grow are the taxes paid by wage earners and the promises needed to make the taxes seem just.

On July 1, 1972, then-Social Security Commissioner Robert M. Ball assured Americans that the 20 percent rise in Social Security taxes, set for 1973, would count fully "toward the benefits that will be payable to them and their families in the future." In fact, the rise in Social Security taxes during 1973 and 1974 came to more than 46 percent—the largest two-year hike in history—and made the protection picture even bleaker for working Americans than before. The benefit increases only *seemed* to be going to them.

In 1979 the deception is much more direct. Instead of the $2,141.70 in employee/employer taxes that was due in 1978, the maximum tax for 1979 is jumping 31 percent, to $2,807.54. But what if Richard Williams lived another year? What would happen to all the increased tax payments to Social Security? Incredibly, the Williams family would get less!

If Richard Williams were to die in 1979 instead of 1978, the following would take place: The Social Security Administration would be in line to collect another $2,807.54 in addition to the $12,000 already paid into the Williams account during his career. His two children would be one year older, so the family would receive benefit checks for one less year. Last, but not least, the

* In some publications, the same or similarly computed figures appear with the family name changed to Jones, Brown, etc.

family benefit would *drop* from $1,059.40 per month to $852.20—a mind-boggling reduction of 20 percent.

The reason for all this is not only quite simple but gives an excellent insight into the way the administration sees the future of Social Security.

In 1970, the present round of giant Social Security tax increases began. The maximum payroll tax jumped 164 percent in the next seven years. But we were told not to worry—that benefits were going up, too.

The most reassuring news we heard was that benefits would automatically rise with the cost of living ("Private insurance certainly can't do that for you," clucked former HEW Secretary Wilbur Cohen). So we endured the largest payroll tax increases in history, secure in the knowledge that our protection was going up right along with the prices of bread and milk.

Then, very quietly, the bubble burst. The economists and accountants at Social Security began to see that the promises made in 1970 and 1971 were very expensive, that "coupling" the benefits with average wages and cost-of-living increases wouldn't "save the system," as they said, but would bankrupt it.

Thus a plan was devised to "decouple" the benefits structure—to in fact diminish the Social Security benefit obligation by changing the way benefits are calculated. This became law in 1977 to take effect on January 1, 1979. People like Richard Williams are protected by considerably less in 1979; in fact, all new benefits have been scaled down by at least five percent.

Yet the *tax* is not going down. In 1977, the year the new "decoupling" law was passed, lowering future obligations of the system, the maximum Social Security tax went up nearly 11 percent. The 31 percent Social Security increase effective this year is the biggest annual payroll tax increase of any kind in the nation's history—coming in the very year benefits are going down!

Small wonder, then, that the deficits of the Social Security system will evaporate in 1979. By 1980, the administration proudly notes, the system will actually have a surplus of $2 billion.

We simply should have listened more closely. When we were told, in 1970, that "the system was secure forever in the future," what was meant was that, if we would agree from time to time to pay much more tax for fewer benefits, they would continue to send out the checks. Wilbur Cohen was right on when he told us that "private insurance certainly can't do that for you."

Having seen just how badly Social Security has overvalued the worth of its benefits to us, we can look at the real cost of offering the package.

We know the federal estimate of Richard Williams's protection value was inflated by at least 100 percent. We find, also, that the system sees nothing fraudulent about raising the tax while lowering even the inflated benefit. But what about the true risk the government takes in offering any of these benefits?

THE REAL PRICE TAG

In the government's example, 35-year-old Richard Williams died in 1978 leaving behind a 35-year-old wife and two children aged four months and three years who were both to go to college. His Social Security tax bill that year was $2,141.70, which came entirely from the payroll of the company employing Williams although only half the amount appeared on his paycheck stubs.

The government added up all the benefits it would pay the Williams family in the next 43 years and declared that Williams's "protection" is worth $364,100. The actual level of protection, of course, is $175,275. But the level of protection is not the same as the cost of protection. The real "cost" is much lower still, and the Social Security Administration knows this very well. The fact that most Americans don't know the real price tag for Social Security is what keeps the system afloat.

The problem is that the Social Security Administration expects us to believe whatever it says. If we are told, as we were in scores of newspaper defenses of the system in 1974 and 1975, that we "should think of Social Security as group insurance," we are expected to buy this. Yet when describing our benefits, the administration uses such childishly illogical examples that any comparison with insurance is impossible.

Fixing Up Social Security—Bandaids or Major Surgery?

The Social Security Administration would have people believe that, by paying into the system via FICA taxes, they are saving for their future. In fact, however, the funds collected are used up almost immediately to pay out current benefits. It's known as the pay-as-you-go system.

But with birth rates falling and life spans lengthening, fewer and fewer workers each year must finance benefits for more and more retirees and survivors. The system can only be kept pay-as-you-go by decreasing the benefits or increasing the taxes. This is what the 1979 changes in Social Security are all about, although the simultaneous boost in taxes and reduction of benefits has not been trumpeted about.

The problem with this patching up of the program is that it leaves untouched a serious side-effect—reduced private saving and thus capital formation. Since many people regard Social Security as a form of saving, the system discourages saving and encourages current consumption. Which is just what the government had in mind when the system was set up during the Great Depression.

The idea then was that people were saving too much and not pumping enough dollars into the economy by way of current consumption. Social Security would get people to save less, and the benefits paid out would be spent on goods and services, thus promoting full employment.

Much later, many of the economic assumptions underlying this diagnosis and treatment came to be questioned. And in 1974, Martin Feldstein, an economist at Harvard, published a study which estimated that Social Security indeed reduces total private saving—by about *40 percent*. If Social Security were in fact run like the trust fund it is often characterized as, this mightn't be so bad for the economy. Workers' in-payments would be invested—like private savings, insurance funds, etc.—in the economy's productive enterprises, allowing them to flourish and the workers' funds to grow. But with a pay-as-you-go system, the diminished private saving means that firms have available to them less investment funds, so that interest rates are higher (about 28 percent), wages are lower (about 15 percent), and the capital stock is lower (about 60 percent) than in the absence of Social Security. All this means an annual reduction of some 20 percent in economic activity (GNP).

A growing awareness that the system is not only precariously underfunded but a huge drag on the econ-

This is what the federal government would rather we didn't understand. If someone like Richard Williams wants to know the real cost of the protection bought with his Social Security taxes, he would certainly not add up the amounts on the next 43 years of benefit checks he's promised. That would be assuming that money has no value and so would earn no interest at all. When offering its own Treasury bonds to private investors, the government seems to understand very well that money has value. The Federal Reserve regularly offers to pay citizens 8 percent interest or more for accepting its Treasury notes.

Thus Richard Williams and others would certainly agree that assigning the nominal value of 5.5 percent to his federal promise and reducing it to $175,275 is quite reasonable. But he shouldn't stop there. He should be asking himself about the actual chance that he will die at 35. After all, the true cost of offering a promise is based upon the likelihood of having to make good. Insurance, as the administration is fond of calling its program, is the science of assigning value to certain risks. And any actuary will confirm that the chances that Richard Williams will die at age 35 are less than 3 in 1,000.

UNGENEROUS PROTECTION

Now we can take a better look at the system its commissioner, James B. Cardwell, lauded in early 1975 as "the greatest and most generous source of protection for the American worker." If we assume a group of 1,000 workers who at age 35 paid in 1978 the maximum Social Security tax of $2,141.70 (there are more than 1.8 million in this category), we arrive at total "contributions" to the government of more than $2.1 million. Since only three of these taxpayers were likely to collect the death, survivors', and annuity benefits promised in 1978, the risk taken by the government for the $1.5 million is $525,825, or three times the $175,275 cost we've established. That's one-fourth of the tax collected, leaving more than $1.5 million.

Obviously the Social Security system is not the most efficient way for people like Richard Williams to solve what is essentially a problem of risk protection. For Mr. Williams to guarantee his family total future payments of $364,100 should he die at 35, what he really needs is an estate of slightly more than $175,000 available in the year he dies. This does not cost $2,141.70 per year to create. Any insurance company, using a standard group-rate table, could sell Richard Williams or any other working 35-year-old all the financial protection needed to duplicate the death, survivors', and annuity benefits in our current example for $630 in annual premiums.

Keep in mind that the $2,140 paid on behalf of Richard Williams in 1978 was used to create *all* of the benefits his family could receive on his behalf after his death that year. This assumes all of the burial benefit, all of family benefit checks for the following 19 years, all of the student benefits for the next 3 years, as well as all 18 years of the widows' annuity to Mary Williams. Yet for $630 Richard Williams could have bought the $175,275 in life insurance necessary to pay those bills.

But the real cost of Social Security protection is hidden even deeper. Being insured privately for the same amount of money the government promises would mean much more to the Williams family.

Private insurance would pay off in cash—not in monthly payments. In his will, Richard Williams could appoint an executor to consult with Mary on how best to use the money. Social Security regulations demand that full family benefits could not be paid if Mary Williams decided to return to work. Nor would the family get the full amount if the children didn't complete college—or if Mary were to remarry. The exceptions go on and on.

Social Security is simply not good protection. It is overpriced, deceptive, and uncertain. The system that promised to be "the best financial security for young families" overcharged Richard Williams $1,000 in the year he died—1978. And this year, in just one year, the overcharge has been *doubled.* ◻

Warren Shore is the former consumer affairs editor of Chicago Today *and the author of* Social Security: The Fraud in Your Future (*Macmillan, 1975*).

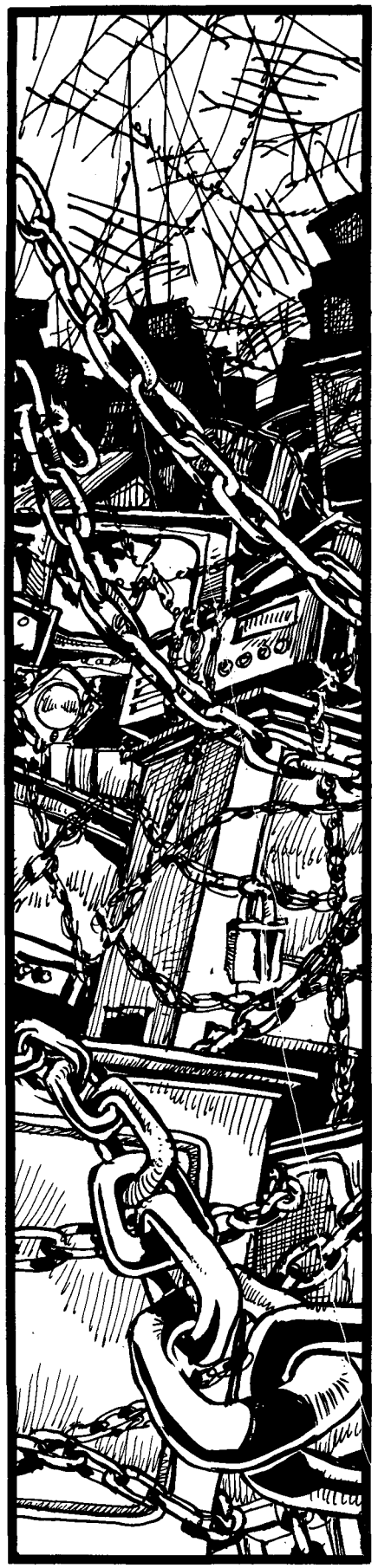
omy has led people to start casting about for solutions. One—the most cosmetic—is for the Social Security system to build up a trust fund by collecting even more tax monies and disbursing even lower payments. Another is simply to do away with the system, allowing people to substitute private pension and insurance plans for Social Security or to purchase government "retirement" or "social insurance" bonds. These special bonds would, upon retirement, provide an annuity.

In a proposal put forth in 1968 by economist James Buchanan, the FICA payroll tax would be replaced by employees' purchase of such bonds, whose annuity benefits would be based on the higher of the long-term Treasury bill rate or the GNP's growth rate. In 1975, Charles Hobbs and Stephen Powlesland, under the auspices of the Institute for Liberty and Community, proposed that the payroll tax be abolished and individuals be allowed to choose between investing a minimum amount of annual income either in private pension programs or in retirement bonds. At retirement (or death) these bonds would provide an annuity to the retiree (or surviving family) based on their accumulated value and on standard actuarial criteria. As a transition measure, present participants in Social Security would be given retirement bonds with an annuity value equal to currently promised benefits. These bonds would be financed by the sale of other retirement bonds and by increasing income and other taxes.

A different system was suggested in 1975 by Warren Shore, under the name "New Generation Compact." Individuals entering the job market would have a choice between the present system and a private package of life, retirement, and disability insurance. For every individual electing the private plan, the insurer would assume payment of benefits to one worker retiring one year later. Premiums would be based on gross income, but the mix of coverage could be adjusted to individual needs. Participants in the present system could waive their benefits under it and opt for private coverage. Gradually, as payments to new retirees were picked up by private insurers along with newly insured workers, the Social Security system's present obligations would be phased out.

None of these proposals addresses another problem with the present system—its compulsory nature. Under the alternative schemes, individuals would still be forced to make some kind of provision for their retirement, with the amount and form generally specified and regulated by the federal government. A study yet to be completed by the Cato Institute in San Francisco, however, promises an analysis of proposed alternatives and a proposal of its own for phasing out Social Security and putting old-age and survivors' care back into people's own hands, with individuals taking or leaving one of the many coverage packages offered by private insurers.

—M. Z.



Unchain the Electronic Media

A well-known broadcast journalist charges the Federal Communications Commission with subverting the First Amendment.

BY BILL MONROE

I TAKE THE FIRST AMENDMENT seriously. Although, at my present mellow age, I get into many fewer heated arguments than I did two or three decades ago, a good First Amendment fuss can still spur me to outrage. In a way it's a personal comfort to realize that, while so many powers and reflexes are diminishing, the capacity for outrage can be depended on for certain occasions.

I am indignant that Myron Farber of the *New York Times* had to go to jail to protect his sources. But I'm grateful that he was willing to go to jail for the right of all of us to seek information from frightened or nervous sources and guarantee them confidentiality. And I think over a period of years, because of the courage of individual journalists like Myron Farber, we will win this campaign for press freedom that *means* press freedom.

I'm appalled that federal courts say it's all right for the government to go to the telephone company and check on the phone calls of a news organization without that organization even *knowing* the check is being made. Do you know what that is? That is the thinking of mentally obsolescent judges who are unable to relate sound old constitutional principles to new technology. Some of them, for example, harbor a visceral hostility toward television and cannot accept it as performing a vital First Amendment function. And some of them don't understand telephone records, existing physically 10 or 20 miles from one's home or office, as related to privacy and to prohibitions against unreasonable search.

I find it incredible that five justices of the Supreme Court would sanction the unannounced, wholesale search of a newsroom as in the Stanford Daily case. What a generous invitation for the harassment of journalists by a hostile or crooked city hall.

INDEPENDENCE STIFLED

The present apparatus of broadcast regulation cheats the broadcast journalist of the independence promised by the First Amendment and so cheats the American people of the vigor and diversity they should expect from *all* of our nation's media. I wonder what Thomas Jefferson would think of the cumbersome governmental mechanisms electronic journalists are grappling with:

- presidential appointees reviewing the licenses of American news media on constantly shifting grounds;
- ascertainment procedures that set up bureaucratic formulas for official monitoring of media responsibility, formulas whose chief effect is to institutionalize the broadcaster's vulnerability to any pressure group that can scrape up 35 members.
- noble-sounding fairness and equal-time requirements that provide for government supervision of editorial decisions, penalize journalism that tackles controversial subjects, and discourage political debates.

These are *stifling* mechanisms. They ought to be scrapped in favor of granting electronic media licenses on the sole condition that stations adhere to assigned frequencies. And there are signs that, gradually, some political leaders, judges, lawyers, academics, students, and newspaper people are beginning to understand these arguments, to realize that the present system of broadcast regulation is subversive of the whole First Amendment structure. There is hope, I think, over the next couple of decades, for movement toward electronic media free of government control.

These remarks are the mere prelude to a rather heavy musical number that could be described as my First Amendment Symphony, a work scored for orchestra and cannon. But instead of launching into the first movement, let alone the second and third, I would like to offer a few thoughts on the unfulfilled nature of broadcast news at this moment roughly half a century into radio and a quarter of a century into television.

WHAT THE NEWS NEEDS NOW

It seems to me that we are doing pretty well in developing the potential of the broadcast media as vehicles of reporting, vehicles of straight news. In the early days of both radio and television there was, at first, the brief newscast. The newscaster, whether announcer or journalist, was an all-purpose character who provided news, sports, weather, obituaries, and a kicker for dessert. Then we began developing, one by one over a period of years, every specialization offered by the newspapers: the sports reporter, the weather reporter, and more recently, political reporters, science specialists, and business or economics specialists.

There was a time, back in the '50s, when newspapermen could, and did, complain that print reporters asked better questions than television reporters. But, except for the technical restraints, such as that of brevity, we don't need to apologize any more for the quality of electronic journalism. It's as good, by and large, as what you see in print—often better.

There is one area, however, where the newspapers, particularly the good ones, are still superior to radio and television. That is in the quality and quantity of *opinion* offered by American papers: editorial opinion, individual opinion—from columnists—and opinion from plain people in letters to the editor. There are some historical reasons that probably explain the difference, but I don't think there's any reason why, in the long run, broadcasting should not become just as rich a source of diverse opinion as the nation's newspapers and magazines. Democracy needs not only the meat and potatoes of fact and information but the vitamins and minerals of argument and debate.

Radio, in fact, *was* a rich and nationally important source of vigorous opinion back in the '40s. Many people may remember, as I do, Elmer Davis, Raymond Gram Swing, Boake Carter, and H. V. Kaltenborn.

VOICES OF CONVICTION

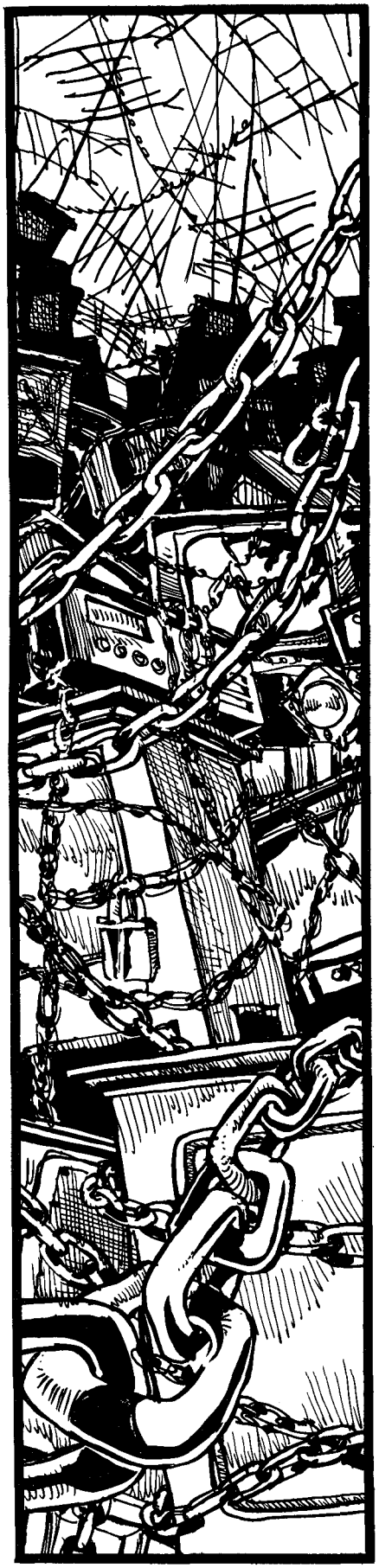
We have a sneering term today that is almost antihuman in its implications—"talking head," a phrase suggesting that a person saying something on camera *cannot* be interesting by comparison with a fire in Omaha. This, of course, is nicely refuted by the prosperous existence of such folk as Walter Cronkite, John Chancellor, David Brinkley, and Barbara Walters, talking heads every one of them. Back in the '40s, Davis, Swing, Carter, Kaltenborn, and the others were not even talking heads—they were mere voices. But they were voices of knowledge, voices of conviction, voices gifted with grace of expression and marvelous individuality. We got to know and respect those people, and they had an impact on this country.

Thirty years later they are long gone, and they have not been replaced by a new generation of similar presence and authenticity. There is, of course, a school of thought that says, well, the fact that serious commentary is dying out proves that it *should* die out, that it doesn't work, that talking heads are not good television. I wonder.

I wonder if individual opinion on the air, coming from serious and forceful people, crafted on a full-time basis, is dying because people don't want it or because we're killing it. I don't say this in condemnation of anyone. If the commentator, the journalist with an opinion to offer, is an endangered species, some of the causes may be environmental.

The very existence of the FCC, with its oddly antidemocratic compulsion to sanitize the air waves of the unequal, the unfair, and the impure—the very existence of this federal control commission discourages the idea of assigning keen, thoughtful people to say what they want to say. Unless, of course, you do it on the twin-pack basis, Shana Alexander and Jack Kilpatrick, so they can neutralize each other and everyone is reassured by the smell of Lysol.

There are also the pressures of time. News executives who are conscious of good stories getting crowded out of newscasts may have understandable doubts



about making room for individual opinion.

But I wonder if the basic problem isn't a mind set we've fallen into, as a result of all these factors, that says commentary is out of date, passé. The *difficulties* in dealing with opinion may have soured us, mistakenly, on the product itself. We may have just plain forgotten how good a free-speaking individual can be on the air. The fact is, we haven't really experienced many of them in recent years. And of those we have, I wonder if *they* haven't, inevitably, been toning down *their* output, writing with kid gloves on, conscious of their own industry's nervousness over the governmental smog.

If we got over our present timidity about commentary and decided to tackle the problems involved, which *are* real problems, we might discover that genuinely talented individuals dealing in opinion, working full-time at it and free to say whatever they wanted, could make a difference between one newscast and another.

The American columnist, syndicated or local, provides a remarkable amount of vigor and character to the newspaper he or she appears in. People *talk about* what the columnists are saying. There is no reason why personal journalists shouldn't do the same for local or national newscasts, providing the kind of individuality that comes from the combination of a sharp mind and a strong personality, the kind of individuality that gives one news program a competitive edge over another.

RESPONSIBLE REBUTTAL

If we move from *individual* opinion to *editorial* opinion, the state of broadcasting is not any more reassuring. Plenty of broadcast editorials are going on the air. But are they saying anything? I don't want to offer any invidious comparisons here with newspapers because, God knows, most newspapers are editorially pusillanimous enough to serve the need for prudence, what with advertisers, public officials, and little old ladies in jogging shoes. But while television stations do an awful lot of thundering against potholes in the street, the curse of heroin, and wife beating when carried to excess, they *then* turn around and invite equal-time replies from responsible spokesmen.

This indignity of begging for rebuttals, of course, is not self-inflicted; it arrives courtesy of the FCC, which holds that broadcast stations don't have the right to offer opinion on the same this-is-it basis we're accustomed to from newspapers. The whole thing, filtered through the bifocals of FCC-conscious station editorial committees, winds up with broadcasters saying editorially: "... and, for those reasons, this station is totally opposed to shoplifting. We welcome replies from responsible spokesmen." Some day a responsible shoplifter is going to show up and win the whole argument.

I remember once, going back to New Orleans 20 or so years ago, when our station had delivered itself of an editorial against lynching. In all fairness, it was not all that *non*controversial. We got more than one angry phone call from people who *favored* lynching. And I have to say that an angry phone call from someone who favors lynching makes you think twice. But we decided that on this occasion we would *not* invite replies from responsible spokesmen. And for some reason or other the pro-lynching crowd did not challenge the station's license.

The very existence of the FCC discourages the assignment of keen, thoughtful people to say what they want to say.

But the fact is, broadcasters still seem to be squeamish about pursuing forceful editorial policies. Newspapers are important to local political campaigns partly because they *endorse* candidates. Most broadcasters stay away from endorsements. Here again the FCC can claim some credit because of its cumbersome rules. But one suspects some broadcasters are happy to use those rules as an excuse to avoid controversy. There are some notable exceptions but, in general, the broadcast editorialist comes across as gravely voicing bland positions on easy issues.

TELEVISION DIALOGUE

In yet another area of opinion, we *cannot* claim direct harassment or bureaucratic discouragement by government. That is the area of letting the broadcast audience get in *its* two cents' worth, the business of finding some way for the *audience* to speak, to criticize us and talk back to us as in the letters-to-the-editor section of almost every American newspaper. This, also, is an area of opinion—the opinion, in this case, of people who are important to us, those who are listening to radio and watching television but who may well not *agree* with some of what they're hearing and seeing.

There are very few respectable American publications that don't give their audiences a chance to talk back, but we in broadcasting are very ungenerous in this particular democratic practice. The chief deterrent is a lack of interest and an assumption that audience feedback won't make for dynamic or profitable programming. We're neglecting the *possibilities*. In most cases we're not really testing our assumptions that the voice of the citizen cannot be made to work as lively and effective programming.

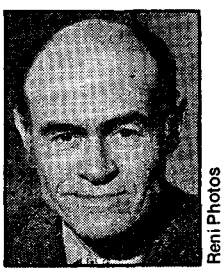
At the same time, there are hopeful signs of a slowly awakening interest among broadcasters in hearing from the audience, not just by phone and postcard, but publicly, on the air. Here and there stations and networks are engaged in efforts to work out some viable formats, to put some production values into making those vital people in the audience come alive on the air.

"Sixty Minutes" and "Meet the Press" are carrying brief letter segments. But the really valid way to treat audience reaction is to take it *seriously* and to give a viewer with something to say the same production values as a news figure, a mayor, a congressman, or a governor—in other words, a camera crew and an on-the-scene interviewer. That's what CBS has been experimenting with in its new series called "Your Turn." I don't know whether this kind of thing can be commercially viable, but I recall the time when nobody believed television news itself would ever operate in the black. And I do know that *completing* the dialogue, bringing in some sampling of audience opinion, is necessary to the whole concept of a robust range of opinion available on the air.

Despite the serious regulatory problems, I think the fears of broadcasters about opinion on the air are not all based on reality. We may also not fully realize how much strength can be added to broadcast journalism by tougher editorials, based on professional research, writing, and on-air delivery; by individuals of integrity free to speak their own minds in carefully wrought commentaries; and by handsomely produced programs focused on some of those surprising people who are in the audience.

I believe broadcasters who go in the direction of bolder opinion—and who do it well—will reap dividends of competitive advantage and enhanced journalistic reputation. And beyond doubt they will strengthen our contribution to the remarkable democratic process that makes this country go. ◻

Bill Monroe is executive producer of NBC-TV's "Meet the Press." This article is adapted from his remarks before the Radio-Television News Directors Association upon his receipt of the Paul White Memorial Award.



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The Decline and Fall of Broadcasters' Rights

A tortured reading of the First Amendment has allowed every street-corner crackpot and howling pressure group legal access to private broadcasting facilities.

BY WINSTON N. MARTIN

On March 1, 1978, Seattle radio station KXA-AM dropped its popular two-hour program "KXA Two-Way." Only six months on the air, this listener phone-in program had included such guests as Governor Dixie Lee Ray and Seattle Mayor Charles Royer. Even when prominent public officials had been unavailable, however, the station's format had given an enthusiastic following an opportunity to express opinions on important issues.

It was not indifference to such issues that killed the program. This was underscored by some 400 letters KXA received from listeners in favor of, and only 70 against, keeping "KXA Two-Way" on the air.

What did kill it was a special-interest group, Classical Music Supporters (CMS). CMS alleged that KXA's "unique" format ("the only full-time classical music AM radio station north of San Francisco," according to CMS president Marguerite Sutherland) was being diluted by politics, religion, sports, and "garbage from the Mutual Network." This group threatened KXA's owners with a petition to deny renewal of their broadcasting license if they did not comply with CMS's demands, one of which was to reduce "the daily talk program to one hour from 11:00 a.m. to twelve noon." ("KXA Two-Way" had been on from eight to ten in the morning.) CMS also insisted "that all talk shows, commercials, announcements and news broadcasts, will be consistent with the character of KXA as a serious classical music station."

To avoid the financial burden of a prolonged legal confrontation, KXA's owners gave in. The agreement they signed became part of their license renewal application.

In April, however, the Federal Communications Commission advised both parties that it could not sanction the agreement, for it attempted "inflexibly to bind the licensee as to programming, an area where each licensee is required to maintain discretion and flexibility." KXA's license renewal was then delayed until late May, when the FCC accepted an amendment to the agreement stating that, the agreement notwithstanding, KXA would reserve the right "to alter its programming, including its format" to meet the needs, problems, and interests of the Seattle area.

A similar dispute in Alaska—where another pressure group has filed three petitions to deny on 13 stations—may last for years. Here again, broadcasters have had the majority of their audiences on their side. Most criticism has been aimed, instead, at Alaskans for Better Media (ABM), a coalition of environmental, native, and women's groups. A nonprofit corporation, ABM was formed "in an effort to involve citizens in helping to ensure that radio and television broadcasters meet their obligation to serve the public interest."

But in letters to the editor, many Alaskans made it clear that they neither wanted nor needed ABM's "protection." Some Alaskans went even further, forming a group, Alaskans in Support of Alaskan Broadcasters, which was responsible for many of some 700 pieces of mail received by the FCC.

ABM nevertheless insists that it holds the "legal cards." The *Alaska Advocate* reported the statement of Pauline Utter, formerly chairman of ABM, "that whipping up local support for your position is a poor strategy compared to mounting an impressive legal and factual case in Washington, D.C." ABM's attorney, Harvey J. Shulman, executive director of Media Access Project in Washington, says that he "would be absolutely shocked if the [FCC] did not have a hearing."

ABM's complaints, according to Chairman Peg Tileston, fall into five main categories: inadequate news and public affairs programming, overcommercialization, misuse of public service announcements, employment discrimination, and inadequate ascertainment of community problems. To correct these alleged deficiencies, ABM demanded, among other things in their 33-page "proposal," a "Community Advisory Board" with members from "Native and Other Minority Organizations, Environmental Organizations, Consumer Organizations and Organizations of and for Youth."

FREE SPEECH FOR SOME

Citizen advisory boards are not new. During the early years of radio, up to about World War II, such groups were active across the country. But the demands of the newer groups, spawned from the puffed militancy of the so-called consumers' movement of the 1960s, have gone much further in a much shorter time. ABM's demands are a perfect example of these groups' goals and methods.

Alaskan broadcasters, according to ABM, have a "special obligation" to provide programming that "will focus on the present state of the Alaska environment, as well as the environmental ramifications of the various proposals that would further develop and industrialize the state." (Broadcasters also have a "special obligation" to women, Indians, and Eskimos.) Furthermore, a station should employ "an individual who is knowledgeable about and sensitive to the environmental needs of the State of Alaska" and who "will not, in the reasonable judgment of the Environment Committee, have a bias or proclivity antagonistic to the aims and philosophy of the environmental movement." (When asked what the "aims and philosophy of the environmental movement" are, Chairman Tileston would say only that ABM had not considered this question. Nor would she give her *personal* views.)

And if a broadcaster believes that this movement is inimical to *his* well-being? Why, that's too bad. His interests, his views, his livelihood are not a primary consideration; his job is merely to provide support for the movement. Anyway, if he

did air "a significant viewpoint on a controversial issue of public importance"—on the environment or anything else—he would be required, by FCC regulations, to make his facilities and air time available to parties with contrasting views.

Such contrasting "free speech messages," as ABM has euphemistically labeled them, should "not be censored by the licensee because it disagrees with the viewpoint expressed." Characteristically, the word *censored* is here used incorrectly (since only a government can censor), but the meaning is clear: the station owner is to have no control over what he puts on the air.

ABM also demanded that stations hire according to race and sex, pay ABM's attorneys' fees, and "provide to ABM $7,500 to continue ABM's effort of encouraging citizen involvement in the broadcast media." These and other ABM demands, according to an accurate appraisal by ABM's lawyer, are "concepts which have been implemented in many other states by small, medium and large licensees."

When Alaskan broadcasters refused to submit, ABM carried out its threat "to use every legitimate avenue at the FCC and the courts" to express its concern. ABM followed the pattern typical of dozens of pressure groups seeking access to the airwaves.

FREEDOM DENIED

What sort of political theory could give moral plausibility to such outrageous effrontery? During the congressional debates prior to the passage of the Communications Act of 1927, Congressman White of Maine declared "that the right of the public to service is superior to the right of any individual... the broadcasting privilege will not be a right of selfishness. It will rest upon an assurance of public interest to be served."

According to the Communications Act of 1934 (which changed minor details of the 1927 law), the radio frequency spectrum is owned by the public, and the broadcaster is merely a "proxy" or "fiduciary" who must act on behalf of his munificent benefactors. In theory and in practice, this means that a broadcaster's moral and constitutional right to express his own views, or to support only those principles with which he agrees, must be severely curbed. This was confirmed in the 1940 *Mayflower* case, in which freedom of expression by broadcasters, the FCC decided, is not in the public interest.

Nine years later, the FCC issued the "fairness doctrine" (added to section 315 of the Communications Act in 1959). While this appears to be a victory for broadcasters' First Amendment rights, since it permits broadcasters to editorialize, this comes only with the qualifier that a "reasonable opportunity" to air different views be given to spokesmen of "all responsible positions" on matters of "sufficient importance." The fairness doctrine further maintains that broadcasters have an "affirmative duty" to cover such issues. A broadcaster may air his own views, but since the public has a "right to diversity"—a "right to hear"—he must also air opinions with which he disagrees.

Thus, the intent and result of the fairness doctrine is to give priority to listeners and viewers, rather than broadcasters. This administrative edict gave every street-corner crackpot and every howling pressure group in the country the legal ammunition they needed to demand access to private broadcasting facilities. In 1969 the Supreme Court affirmed the doctrine in the *Red Lion* case, holding that it is the alleged First Amendment "right of the viewers and listeners, not the right of the broadcasters, which is paramount," thus dissipating any legal doubts that broadcast activists might have had.

Even before *Red Lion*, however, the court of appeals had extended the fairness doctrine to cover not only editorializing by licensees but also commercial advertisements for such products as cigarettes and gasoline. In one case, *Banzhaff* v. *FCC* (1968), the court upheld the FCC's contention that a "significant amount of time" must be provided to rebut cigarette commercials. Chief Judge David L. Bazelon wrote that when one party has large financial resources and a "compelling economic interest" unmatched by its opponent, "we think the purpose of rugged debate is served, not hindered, by an attempt to redress the balance." Besides, he said, advertising "is not normally associated with any of the interests the First Amendment seeks to protect." (This issue was carried to its only logical conclusion with Public Law 91-222, passed in 1970, which banned cigarette commercials on radio and television.)

In the name of intellectual freedom, the Communications Act stifles the ideas, views, and interests of broadcasters.

Editorial advertising, on the other hand, remains sacrosanct. As the court made clear in a 1971 case, if a broadcaster accepts advertising generally, he may not issue a flat ban on editorial advertising. This would infringe both the public's First Amendment "right to hear" and the "right" of those who would buy time to editorialize. The court here advised the FCC to "develop reasonable regulatory guidelines to deal with editorial advertising." But how, in the name of the First Amendment, asked *Broadcasting* (Aug. 30, 1971), can the government provide criteria for the acceptance of one opinion and the rejection of another?

THIS IS CENSORSHIP

Broadcast activists, before 1966, had comparatively little influence in the licensing of broadcasters. After the Act of 1934 was passed, the FCC permitted only those with "a legally protected interest or an injury which is direct and substantial" to intervene as third parties. The FCC had confined parties in interest to *other licensees* who claimed economic injury or signal interference. Listeners and viewers could do little more than write letters to the FCC's Complaints Division. (This was —and is—damaging enough, considering the time, money, and trouble a letter of complaint can mean for a broadcaster.)

The Court of Appeals for the District of Columbia changed this in *Office of Communication of the United Church of Christ* v. *FCC* (1966), a case that involved citizen complaints against WLBT-TV in Jackson, Mississippi, alleging racial and religious discrimination, overcommercialization, and violation of the fairness doctrine. The court held that "responsible representatives" of the listening public may actively participate in a license renewal proceeding. (In 1969, this court stripped WLBT of its license.)

The court's ruling in *Citizens Committee to Preserve the Voice of the Arts in Atlanta on WGKA* v. *FCC* (1970) combined the landmark WLBT decision with yet another extension of the fairness doctrine: that the public's "right" to diversity in broadcasting permits citizens to intervene in a license transfer when it involves the loss of an entertainment format not otherwise available in the license area. In this case, the "unique" format was classical music; others have involved rock music and jazz.

In most of these cases, the FCC has opposed the court of appeals and broadcast activists, claiming that government interference with entertainment formats is both unconstitutional and beyond its statutory authority. Yet the differences between the court and the FCC are matters of detail, not of principle. Since both accept the public-interest standard, the trend that is evolving in the court's decisions is identical to the FCC's rules requiring broadcasters to air certain categories of programming and limiting the kinds (and amount) of advertising they may air. In any case, the only way a station can broadcast one kind of program is to forgo other kinds.

When required by the government, this is *censorship*. It changes nothing that the specific content of, say, public affairs programming is not dictated.

In every important case, the First Amendment has been corrupted into a weapon to use against those who furnish the time, effort, money, and facilities that make the broadcasting spectrum usable. (It is beside the point, in this context, that broadcasters operate coercive monopolies —in that others are not free to enter the industry. Under the present system—and although some support it—they have no alternative.)

Most regulatory laws, especially the antitrust laws, have been intentionally designed to throttle the productive ability of those best able or most willing to supply goods and services. This is done in the name of *economic* freedom. Playing the other end against individual rights in the middle, the act of 1934 goes a frightening step further. In the name of *intellectual* freedom, it stifles the ideas, views, and interests of those who, despite the government's restrictive economic policies, have been able to acquire the material means to express them.

DEREGULATION?

A bill introduced during the last session of Congress (and expected to be reintroduced in the new session) by Representatives Lionel van Deerlin and Louis Frey, Jr., attempts to change the relationship between government and broadcasters. There is no mention, for example, of broadcasters having to serve the "public interest, convenience, or necessity." Rather, they are to provide "services which are diverse, reliable, and efficient, and which are available at affordable rates."

Given contemporary political thought, however, even such an apparently solid, fact-oriented legal footing is likely to sink. This is emphasized by the bill's caveat that "regulation...is necessary, to the extent marketplace forces are deficient." Since a central tenet of the regulator mentality and modern economics is that "marketplace forces" are almost always "deficient," it is not likely that communications regulators will soon become unemployed. Under this bill, someone besides "marketplace forces" would have to decide when these "forces" are "deficient."

The singular importance of economic regulation of the industry under this bill is shown by section 440, which would restrict the number of stations a licensee may own, operate, or control. This section would also empower the proposed Communications Regulatory Commission to act "with regard to diversity of ownership of broadcasting stations and *other communications media.*"

Nevertheless, some portions of the proposed new act offer significant benefits for broadcasters. They have commonly complained that the present license renewal period—three years—is too short for proper long-range planning. The new bill would, 10 years after its effective date, permit licenses to be granted to television stations for an indefinite period of time. For radio stations, the effective date would not be delayed.

Unfortunately, the bill also empowers the government to revoke a license or construction permit. If, now, a broadcaster cannot safely plan or invest beyond his license term of three years, he would be even less safe if he invested millions in an indefinite, government-controlled future. While outright revocation is today unusual, this bill would make it *the* primary means of regulation, a perpetual threat hanging over every dollar invested.

INTERVENTIONISM

Although the bill would leave activists ample room to maneuver (on the premise that "pure and perfect competition" does not exist in this industry), one of their favorite tools, the fairness doctrine, would be legally narrowed. Licensees would no longer be required to air controversial issues; they would merely have to treat such issues in an "equitable manner" when and if they covered them. (The bill does not state whether this would apply to allegedly controversial advertising.)

Even with the proposed new bill, it is not likely that communications regulators will soon become unemployed.

If a television station (radio station licensees are exempted) permitted a legally qualified political candidate to use his facilities, he would have to afford other candidates for that office an equal opportunity. (Exceptions to this rule: candidates for the offices of president, vice-president, senator, or "any other office for which statewide election is held.")

This section states further that the licensee would "have no control over the content or format of any material broadcast" by a political candidate. The outrage this provision could perpetrate was illustrated this past summer when J. B. Stoner, a "segregationist" candidate for the Democratic nomination for governor of Georgia, used the word *nigger* on political broadcasts. Licensees' hands were tied by section 315 of the 1934 Communications Act. Since they had granted time to other candidates they could not refuse him. Nor could they edit his material.

Another major flaw—a blatant and totally inexcusable contradiction—emerges where programming is concerned. While on the one hand forbidding the government "to censor or otherwise regulate the content of any transmission" over the airwaves, on the other hand, the bill would require licensees to air news, public affairs, and locally produced programming. Again, this is censorship.

Despite its authors' obvious reluctance to abandon interventionism, activists see the bill as a threat to their ideal of airwave control. They bristle at any hint that broadcasters' own ideas and interests might hold sway. This view was epitomized by former FCC commissioner Nicholas Johnson during the bill's first public hearing in July. Johnson, now chairman of National Citizens Committee for Broadcasting, lamented that, under the new bill, broadcasters' political coverage would be "as slanted and propagandistic as suits their own whim or economic interest" (*Broadcasting*, July 24, 1978).

Why should broadcasters not support some ideas and reject others? Why should they not pursue their own economic and ideological interests? By what right can they be forced to support those who would destroy them? The usual rationale for public "ownership" of the airwaves is that the number of broadcasting frequencies is limited and, therefore, "not available to all who may wish to use them," as Justice Frankfurter once put it (*National Broadcasting Co.* v. *United States*, 1943). This simply evades the fact that printing presses and newsprint—and skyscrapers, bars of soap, fertilizer, diamonds, toothbrushes, and every other object of value, from the most ordinary to the most sophisticated—are also limited, "not available to all who may wish to use them." (And what hypocrisy it is not to observe that in most major cities, the number of broadcasting stations far exceeds the number of daily newspapers.)

The only proper solution to broadcasting's many dilemmas—the only way to truly make broadcasting the political equal of the print media and of toothbrush manufacturers—is for the government to recognzie frequencies as the private and exclusive property of those who will apply the knowledge and effort to develop and enhance their potentials. Unless and until this is done, the intellectual-cultural vitality of man's most powerful means of communication will continue to degenerate. ☐

Winston Martin makes his residence in Seattle, Washington, where he works for a surveying-engineering firm.

INDIVIDUALISM: For Whites Only?

A black writer questions the unthinking linkage of blacks and collectivism.

by Anne Wortham

ALL BLACKS ARE COLLECTIVIST in temperament and circumstance, programmed to vote for Democrats, and wouldn't be where they are today but for their dependence on subsidies from the State and legislative intervention—so many people seem to believe. This kind of ideological prejudice surfaced, for example, in a recent conversation in which a man and I were discussing the attempt by the liberal press and black leaders to characterize the national tax-limitation movement as racist. He presented the kind of credentials I'd heard before which are meant to certify that one is not a racist: while in Georgia during the reign of Jim Crow he refused to sit in the front of buses, even after being told by drivers that he was breaking the law. He then told me, rather excitedly, that he had learned only recently that "your people are a lot smarter [politically] than I thought." The proof he offered was the eagerness with which some inner-city black Bostonians signed a petition to amend the Massachusetts constitution to place a ceiling on taxation and government spending.

When he registered incredulity over my involvement in the tax-limitation campaign, I told him, "I'm no convert, you know. For as long as I can remember my father has been warning against letting government get into one's back pocket."

"Really!" he exclaimed.

"Sure," I said, amazed by his amazement. "And this was in segregated Tennessee," I added.

He was genuinely surprised. On two later occasions he said to others in my presence, "Did you know that her Daddy taught her about the evils of government. Isn't that something? And in the South too!"

Blacks can be individualists too. How do I know? I could answer simply: because I am one; but that would hardly speak to the point of my assertion, which is that any person—regardless of biological heritage, cultural heritage, or national origin—can be an individualist. The ideological prejudice against blacks not only belies an ignorance of black history and of contemporary black life but, more importantly, includes a misunderstanding of individualism which leads many to think, deterministically, that individualism is a luxury for only a select few on this earth.

Another recent experience has convinced me that these points need to be reiterated and backed up with evidence. During the question-and-answer session following Ayn Rand's 1978 annual lecture at Ford Hall Forum in Boston, a young man asked her the following question: "I just made a survey of the audience before the talk began tonight, and you can count the number of blacks on the fingers of your hand. Will you comment on why blacks do not apparently follow Objectivism or individualism?"

Rand answered: "I can only say that I am very proud of one or two blacks, or of any small number who might be here or whom I know personally, because it is much harder for them to preserve their dignity and to remain individualists than it is for other groups. But your kind of survey is totally inappropriate here. We are not racists and we are not ethnics and we do not appeal or try to be interested in any race, color, or creed. We're interested only in human beings and their minds. If you claim that blacks are not sufficiently interested, I would say it's a slur on the blacks and an insult to them. I hope you're wrong."

INDIVIDUALIST CHALLENGE

But blacks *ought* to be more interested in individualism, I insist, as they need it now more than at any other time in their history. From where I sit, this expectation

is a challenge rather than the insult Miss Rand claims it is. Of more concern, however, is her apparent sympathy for how difficult it is for blacks to be individualists; for the spirit of her assessment may be taken by some as confirmation of their own suspicion that blacks are a lost cause when it comes to being individualists.

It has indeed, as Rand says, been harder for blacks (as a group) to preserve their dignity in a system that has denied or restricted their freedom than it has been for groups who, at the very least, have been guaranteed suffrage. But doesn't the philosophy of individualism rest on man's capacity to resist or transcend the social influences of a given historical era or of a given culture? The same logic that supports the possibility of an Ayn Rand rising out of post-Czarist Russia also accounts for the possibility of a Frederick Douglass rising out of the institution of slavery or an Anne Wortham rising out of segregationist Tennessee.

In his book *Who Is Ayn Rand?* Nathaniel Branden writes: "For the future writer of *Atlas Shrugged*, no country could have been more inimical a background than Russia—pre-revolutionary Russia no less than communist Russia. From her earliest years, she felt a profound antipathy toward the philosophical and psychological atmosphere around her."

In his autobiography Frederick Douglass tells of being at odds with the slavery into which he was born: "From my earliest recollection, I date the entertainment of a deep conviction that slavery would not always be able to hold me within its foul embrace; and in the darkest hours of my career in slavery, this living word of faith and spirit of hope departed not from me, but remained like ministering angels to cheer me through the gloom."

Rand made it. Douglass made it. It stands to reason that somewhere, this day, there is a young black person determining that he will not be among the next generation of his family on welfare or a black female college student, walking the streets of her ghetto neighborhood, thinking, "I don't care what they say—affirmative action is wrong."

The central idea of individualism is the autonomy and sovereignty of individual consciousness—that is, free will. And this is a feature of human *nature*, independent of historical or social circumstances. Is there any clearer evidence of the ahistorical meaning of individualism than the fact that slavery existed in a nation founded on the principles of individualism, and that among those enslaved, many held fast to their individuality against the greatest odds of dehumanization? Slavery was sanctioned by the clergy and protected by the constitution. It was as thoroughly ingrained in the American economy as taxation is today. To be successful, the plantation system required the negation of human individuality by both slave and slavemaster. Yet there were those within and without the system who would not heed this requirement.

THE RIVAL OF SLAVERY

Adolf Hitler wrote in *Mein Kampf* that the ruler cannot dominate except with a doctrine that tolerates no rival. From the beginning of slavery in the United States the notion that one man was the property of another and the doctrine of white supremacy that ruled the plantation were rivaled by at least two crucial factors: the political philosophy of the Declaration of Independence that all men are created equal, and the inescapable fact that those enslaved were human beings. Slavery certainly encountered a powerful force in the opposition mounted by northern abolitionists, visiting foreigners such as British writers, and nonslaveholding southern whites. But as contemporary accounts of both slaves and masters demonstrate, it also had its rival in the hearts and minds of the slaves, a fact that social historians and descendants of slaves have only recently come to appreciate.

"I have found that to make a contented slave," wrote Frederick Douglass, "it is necessary to darken his moral and mental vision."

There was never a question of whether *slavery* would tolerate its rivals; the issue was whether the rivals of slavery would tolerate *it*. (Would Congress legislate against it? Would the slaves revolt against it?) Slavery was certainly important to the southern economy, but it was an intruder on the political and moral ideals that shaped the nation. It was also an interloper on the human sensibilities of the slaves. Even those born into slavery came to see in their youth that something was very wrong with the way they existed.

"As soon as I had arrived to years of discretion, I felt determined that I would not be a slave all my days," ex-slave Henry Blue told abolitionist Benjamin Drew. Frederick Douglass, who was "already a fugitive from slavery in spirit and purpose" when he was a child of seven or eight, wrote: "I have found that to make a contented slave, it is necessary to make a thoughtless one. It is necessary to darken his moral and mental vision, and, as far as possible, to annihilate the power of reason. He must be able to detect no inconsistencies in slavery, he must be made to feel that slavery is right; and can be brought to that only when he ceases to be a man."

A happy slave, said William Lloyd Garrison, is "an extinct man." Slavery succeeded in keeping Negroes impoverished and ignorant, but it generally failed to extinguish their humanity. As Englishwoman Frances Kemble said of one of her husband's slaves: he was arrested in his improvement, "not by want of energy, want of sense, or any want of his own, but by being held as another man's property, who can only thus hold him by forbidding him further improvement." Though he was "as ignorant as the rest of the slaves," he was "clear-headed, self-judging, active, intelligent, extremely well mannered, and being respected, he respected himself." Thus, when she saw him, in his leisure, looking in deep thought over the river, to the fields and the forest beyond, she wondered "what the thoughts of such a man may be."

Would we freeze our perception of this slave into a prejudiced characterization of his biological and cultural heritage and say that because he was a Negro his thoughts could not have been equivalent in meaning to those of an Enlightenment *philosophe*? Would we exempt him from the possibility of a private declaration of independence such as that made by the hero of Ayn Rand's *Anthem* when he had fled the collectivized world of "we" and learned the sacred meaning of "I":

> I wished to find a warrant for being. I need no warrant for being and no sanction upon my being. I am the warrant and the sanction....It is my mind which thinks, and the judgment of my mind is the only searchlight that can find the truth. It is my will which chooses, and the choice of my will is the only edict I must respect.

Or does ignorance of Negro history and prejudice make us more comfortable with the submissiveness of Harriet Beecher Stowe's fictionalized Uncle Tom as he upbraids his wife Chloe when she bemoans his being sold to a slavetrader so that his master can remit his debts.

> I'll tell you, Chloe, it goes against me to hear one word against Master. Wasn't he put in my arms a baby?—it's natural I should think a heap of him. And he couldn't be expected to think so much of poor Tom. Masters is used to having all these things done for them, and naturally they don't think so much on it. They can't be expected to, no way. Set him along side of other Masters—who's had the treatment and the living I've had? And he never would have let this come on me, if he would have seen it beforehand. I know he wouldn't.

Is this the only view we can allow ourselves to have of the oppressed slaves and contemporary blacks—that because of what they are and because of their circumstances they cannot know that rival of human depravity which is individuality? If so, then how are we to account for the credo of the Palmer Memorial Institute (1902-50), an exclusive preparatory school for upperclass black children, composed by the school's black founder and headmistress:

I have to live with myself and so
I want to be fit for myself to know.
I want to be able as days go by
Always to look myself straight in the eye.
I don't want to stand with the setting sun
And hate myself for the things I've done.

THE TORMENT OF REASON

Physical and social freedom was as much as many slaves could think of. But blacks like Douglass were fired in their youth with a further craving for release from intellectual bondage. In their striving for literacy, the slaveowner met his most powerful antagonist: *reason*. When the wife of Douglass's second master, Hugh Auld, began teaching him the alphabet, Auld forbade it, saying it was unlawful as well as unsafe to teach a slave to read. "If you give a nigger an inch, he will take an ell," Douglass recalled his master saying. "A nigger should know nothing but to obey his master.... It would make him discontented and unhappy."

Hearing such a sincere fear of knowledge, Douglass saw that this was the key to the white man's power to enslave the black man and resolved that having been given the inch "no precaution could prevent me from taking the ell." Thus, by the end of his seven-year stay with the Aulds, employing "various stratagems" of trickery, stealth, and deceit, he had learned to read and write. And the more he read, the more discontented he became, just as his master had predicted. His freedom from ignorance waged war with his physical bondage so much that he sometimes felt knowledge to be a curse rather than a blessing. "In moments of agony, I envied my fellow-slaves for their stupidity.... It was this everlasting thinking of my condition that tormented me. There was no getting rid of it.... The silver trump of freedom had roused my soul to eternal wakefulness. Freedom now appeared, to disappear no more forever. It was heard in every sound, and seen in every thing.... I saw nothing without seeing it, I heard nothing without hearing it, and felt nothing without feeling it. It looked from every star, it smiled in every calm, breathed in every wind, and moved in every storm."

Plainly, this torment of mind and spirit was the greatest of slavery's rivals. The slaveowners knew it and so did the slaves. It forever reminded the slave that he was human—that there was at least one realm of his self that no other man could own: the sacred recesses of his intellect and soul. And the degree to which the slaves sustained their desire for freedom and literacy was the degree to which slavery was rendered impotent. "You can make a nigger work," said one tobacco farmer to journalist Frederick Law Olmsted, "*but you cannot make him think.*" More to the point, he could not be made *not to think*. He could be forced to *act* against his human nature, but only he could relinquish his hold on the source of his personal identity. Those who held on lived to tell about it and left a legacy of endurance that matches in every sense the founding of the American nation itself.

It is not in the interest of black leaders and the State that blacks become individualistic.

INDIVIDUAL DRAMA

To those who insist on seeing Frederick Douglass as some kind of anomaly, I must protest. The glorious and ennobling torment of self-liberation has been an everyday occurrence in the souls and minds of men throughout history. Literature is crowded with examples of individuals, great and ordinary, whose drama of individuation occurred whether or not it conformed to the cultural climate of a given era or was sanctioned by the political and economic order of a given society. But I know my own story best and offer a slice of it as a final illustration of my point.

During the first 20 years of my life, from 1941 to 1961, the federal government made five major advances in behalf of the civil rights of blacks: the prohibition of racial discrimination in the defense industries (1941), the establishment of the Fair Employment Committee to receive and investigate complaints of job discrimination (1941), the abolition of segregation in the armed forces (1948), the Supreme Court ruling against school segregation (1954), and the Civil Rights Act guaranteeing Negroes the right to vote (1957). With the possible exception of the right to vote, not one of these policies or the programs derived from them had any effect on my everyday life in segregated Tennessee. I don't recall that they were mentioned in school, though they must have been, and there was absolutely no discussion of such issues in my home.

Had my personal liberation and individuation depended on the knowledge that the State was in the process of increasing my civil liberty, I would have embarked on the road to adult maturity with no self-identity, self-respect, self-interest, self-sufficiency, or self-initiative. The job discrimination my father encountered, my being educated in a segregated school system, and the fact that in some states blacks were denied suffrage simply had no bearing on the kind of person I was making of myself. And I was not an isolated case. My father, after all, had lived 50 years by the time the 1964 Civil Rights Act was passed. What if he had decided not to actualize his human rights and the responsibilities they entail until the federal government recognized them in the form of civil rights? Suppose he had waited for a Jesse Jackson to tell him that he was "somebody"? What might have been the fate of his charge, me? What if my present individualism depended on a cultural climate in which being a black individualist would not be considered weird?

Taking into account the choices and circumstances of my biography, the answer is simple: I would not be the person I am; I would not be such a passionate defender of human individuality and the philosophy of individualism; and this article would not be written.

A MATTER OF CHOICE

It is not true, as the 19th-century Russian anarchist Mikhail Bakunin wrote, that "a man only truly becomes a man when he respects and when he loves the humanity and liberty of all, and when his liberty and his humanity are in turn respected, loved, sustained and created by all." If a person does not respect humanity and liberty, we may judge him irrational, unjust, and depraved, but we cannot exempt him from humanity and the requirements of human nature on that or any other basis. If he remains human always, and if by human we mean that he possesses the capacities for reasoning and choosing, then we must allow for his capacity to be individualistic, whether or not his liberty and humanity are "loved, sustained, and created by all."

We can certainly understand that specific influences, impositions, deprivations, and obstacles of culture and social structure may make it difficult for a person to affirm and assert his humanity individualistically. The challenge before him, however, is whether he or society will have the last word in the matter.

I do not mean to give the impression that there is no connection between a free mind and the contexts of communication, social memberships, and cultural participation. Take my case, for instance.

Though I lived in a segregated social system, I did so as an American influenced by the wider culture as was every other American boy and girl. To lock me out of that culture, which prides itself on being individualistic even when it isn't, the segregationists would have had to enslave all blacks under a rigid system of apartheid, deport us to some far-off land, or exterminate us.

True, the American subculture in which I grew up would have preferred to deny my humanity with impunity. But the issue for me, in survival terms, was: would *I* deny my humanity? Stated differently, how would I develop my self-identity within the context of my membership and participation in the subcultures of the South and the black community? For individualism requires, not escape or release from the influences of family, class, community, or culture, but rational *selection* of the best influences. It is by this means that a black woman, born and bred in the segregated southern United States, can be as fervently opposed to affirmative action (and for the same reasons) as a woman of Jewish ancestry, born and bred in post-Czarist Russia.

A MATTER OF CULTURE

The question remains, Why the apparent disinterest of blacks in individualism? Why *don't* more blacks recognize the heavy hand of government? Why *don't* more blacks show up for Ayn Rand's Ford Hall appearance? It's a legitimate question, whether Rand recognizes it or not.

A definitive answer would require a full-scale study of the history of ideas in the black community and of the exposure and response of blacks to mass culture. Even without such data at hand, however, some answers are suggested by the role of intellectuals in a culture and the flow of information in this particular culture.

The first thing one has to accept in considering this issue is that contemporary Negro Americans, like all Americans, are participants in a culture of mass education, mass media, mass entertainment, and the centralized State. Of the mass-oriented, though, blacks are the least exposed to individualist thought. Although the opportunities for black students and educated laymen to meet up with a mass-marketed work like *Atlas Shrugged*, for example, are greater today than when I found *Atlas* 14 years ago, it is hardly among the works most recommended by today's intellectuals. Standing between blacks and individualist literature is the same intellectual establishment that stands between the rest of the country and the philosophy of individualism. If ever the day comes when it is embraced by professional interpreters of ideas in the society, then we can expect it to take root in the black community as well as the society at large.

To a great many Americans, individualism is a *myth*, a conception of man that they have known only as a historic triumph accomplished by men of another time and a different breed. Everywhere there is the craving for security, social belonging, personal status, and political and economic standardization. And this is reinforced by the image of man projected by 20th-century intellectuals and mass-produced in popular literature—an image Robert Nisbet describes as "the disenchanted, lonely figure, searching for ethical significance in the smallest of things, struggling for identification with race or class or group."

Such is the state of our mass culture and the irony of blacks' increased participation in the culture, that they struggle with increased social freedom and its myriad of choices without the underpinnings of internal freedom and moral certainty. And this is no less true of the culture at large. As Nisbet points out: "The undoubted necessity of unity *within* the individual leads too often to the supposition that this may be achieved only through uniformity of the culture and institutions which lie *outside* the individual. And external power, especially political power, comes to reveal itself to many minds as a fortress of security against not only institutional conflicts but conflicts of belief and value that are internal to the individual. A peculiar form of political mysticism is often the result."

So it is that people who tell us they want to free their own are able to enchant a security-seeking nation with the mysticism of politicized ethnicity, the politics of victimization, economic redistribution, and distributive justice. It is plainly not in the interest of black leaders and the State that blacks become individualistic, no more than it was in the interest of slaveholders that slaves learn to read and write. But while the majority of blacks have tended to view the State as caretaker, the commitment to enter the mainstream of American society has required the willingness of individual blacks to place less emphasis on the political mysticism of racial solidarity and more on self-interest. One simply cannot progress and be a perpetual victim. It must be acknowledged that in the process of losing their victim status, blacks and other minorities have become victimizers protected by the fortress state, and it is difficult indeed to see any trace of individualism at work in this realm. But are we not to remind them of their betrayal?

For various reasons—choice, circumstance, psychology, knowledge — one black person surmounts the dehumanization of slavery and the repression of discrimination that another does not. But even as we understand the difficulty of blacks to achieve individuality, they must not be excluded from that goal. To merely "understand" why they don't seek it without insisting that they *can*—that is the insult. It is an insult to those of us who do seek it. For I can think of no better vindication of individualism and no better evidence of its continued existence than the presence of a black individualist in 20th-century America. ◻

After 13 years as a media information researcher in New York, Anne Wortham is now a doctoral candidate in sociology at Boston College. Her articles have appeared in the Freeman *since 1966 and in* REASON *since 1975.*

Coming Next Month:

Why did Americans, early in their history, give up private education for public education? In a pathbreaking article in the March issue, author Samuel Blumenfeld (*The New Illiterates, How to Start Your Own Private School*) reports the results of two years of digging into history to trace the move away from educational freedom, diversity, and quality. It is a story distorted by previous accounts and so actually told here for the first time. Also in next month's issue: A REASON interview with John Hospers, professor of philosophy, author of *Libertarianism*, and recipient of an electoral college vote for president in 1972. John Semmens, an economist for the Arizona Department of Transportation, reveals how trucking regulation works—and how it oppresses the many to bring advantage to the few. John McClaughry recounts the rise and fall of an 1830s populist antimonopoly, hard-money movement. And M. E. Grenander considers why so many have taken umbrage at Thomas Szasz's debunking of the idea of mental illness. Plus all of REASON's regular features and columns.

WAS PLATO A LIBERTARIAN?

DESPITE HIS REPUTATION AS A ROARING STATIST, PLATO ESPOUSED A SURPRISING NUMBER OF LIBERTARIAN PRINCIPLES.

BY PHILIP B. DEMATTEIS

PLATO'S FAMOUS POLITICAL DIALOGUE, the *Republic*, had led a rather peaceful existence for 2,300 years, when its correct interpretation suddenly became the subject of an intense controversy. The occasion for this dispute was the rise, in the 1930s and 1940s, of fascism and communism in Europe. American and British philosophers and political scientists awoke to the relevance of the *Republic*, and several books appeared claiming that it provided a philosophical justification of totalitarianism. Since the authors of these books were opposed to totalitarianism, however, they were hostile to Plato. The most scathing of these attacks was the first volume of Karl Popper's *The Open Society and Its Enemies* (1945).

The denunciations of Plato quickly called forth books and articles in his defense. The authors of these works maintained that the critics, especially Popper, had seriously distorted his views. While they did not deny that the *Republic* is antidemocratic and authoritarian—the text is too clear to permit that—Plato's defenders held that Plato was opposing, not modern representative democracy (of which he of course knew nothing), but the chaotic direct democracy of Athens. Furthermore, they asserted, if Plato's political principles are correctly understood, they tend to support modern democratic, rather than totalitarian, institutions.

The controversy remains unresolved,* although the battle between liberal democracy and totalitarianism—at least on the intellectual level—has largely been won. Today, however, there is a contest between two tendencies within the democratic tradition itself: the statist and collectivist strain, exemplified by modern liberalism, conservatism, and socialism; and the individualist tendency, upheld by libertarianism. The question now is not Plato: totalitarian or democrat? but Plato: statist or libertarian?

Now, most libertarians would probably consider Plato as much a libertarian as the pope is a Protestant. The usual libertarian interpretation of ancient Greek political philosophy is summarized by Tibor Machan in his introduction to *The Libertarian Alternative.*

The roots of individualism and libertarianism may be traced as far back as Aristotle who acknowledged the moral significance, that is, the fundamental value and purpose, each individual's life and happiness constitute for him. Aristotle emphasized the role of organized society as a *means* by which man could secure the best living conditions in which to develop his highest potentials. But his focus upon human self-sufficiency was in sharp contrast to the political and moral philosophy expressed in Plato's *Republic*, especially when the latter is interpreted as the paradigm of the total state.

No one, of course, would claim that Aristotle *was* a libertarian. Too much in the *Politics* contradicts any such idea—for example, his view that the State is "prior to" (more important than) the individual, his opposition to revolutions even against bad forms of government, his exclusion of mechanics and artisans from citizenship, his defense of slavery, his insistence that the purpose of the State is to make people virtuous, not just to protect them from aggression. But along with these elements can be found others, from which a thoroughly libertarian position could be developed, including his emphasis on the importance of private property, his belief that governing should be by means of general laws rather than ad hoc commands, his assertion that if one has no share in the ruling function one is not really a citizen, and his judgment that the "many," taken collectively, possess more political wisdom than the few "best."

By contrast, Plato's ideal state in the *Republic* contains a rigid class system; the upper classes live communally, while private property and economic activity are restricted to the lowest class; the rulers are an elite group of experts who govern paternalistically; censorship, deceit, and indoctrination are proper methods of government; the goal of statesmanship is the happiness of the community as a whole, not that of the individuals within it. Plato seems, then, to be a statist and collectivist—one of the "bad guys."

But should we be so quick to accept this conclusion? Plato was, after all, one of the greatest thinkers who ever lived. If libertarianism is the correct position, surely he must have caught *some* glimmering of the truth! Perhaps his philosophy, like Aristotle's, is a mixture of libertarian and nonlibertarian strands.

Plato was certainly not a full-blown libertarian, as is obvious from the features of the *Republic* just cited. Besides, no libertarian could have written, as he did in the *Crito*, that "our country is more to be val-

* Interested readers can find an overview of the entire affair in *Plato: Totalitarian or Democrat?* edited by Thomas L. Thorson (Prentice-Hall, 1963) and *Plato, Popper, and Politics*, edited by Renford Bambrough (Barnes & Noble, 1967).

ued and higher and holier far than mother or father or any ancestor.... And when we are punished by her, whether with imprisonment or stripes, the punishment is to be endured in silence; and if she leads us to wounds or death in battle, thither we follow as is right." Nevertheless, Plato was aware of—and accepted—some basic principles that are emphasized by libertarianism but ignored or rejected by its opponents. This shows that a thinker of Plato's caliber could not deny these truths, even though they conflict with the basically statist tenor of his thought.

Why did Plato not go on to develop a libertarian political philosophy? Because he "went wrong"—adopted a nonlibertarian position—at one crucial juncture in his theory, and his tragic slide into statism was a logical consequence of this mistake. And Plato's error is the same one that is made today by his statist intellectual descendants, but his superior wisdom prevented him from making it in as serious a form as they do.

We find the first of Plato's libertarian principles in book 2 of the *Republic*: Socrates, conversing with Plato's brother, Adeimantus, says:

> We are not all alike; there are diversities of natures among us which are adapted to different occupations.
>
> Very true.
>
> And will you have a work better done when the workman has many occupations, or when he has only one?
>
> When he has only one.
>
> Further, there can be no doubt that a work is spoilt when not done at the right time?
>
> No doubt.
>
> For business is not disposed to wait until the doer of the business is at leisure; but the doer must follow up what he is doing, and make the business his first object.
>
> He must.
>
> And so, we must infer that all things are produced more plentifully and easily and of a better quality when one man does one thing which is natural to him and does it at the right time, and leaves other things.

Plato has very clearly stated the principle of the division of labor. He goes on to make it the cornerstone of his ideal State, since the division into three classes is an application of the principle.

It even turns out that the essence of the primary virtue, justice—the search for which is the theme of the entire dialogue—is identical with this principle:

> You remember the original principle which we were always laying down at the foundation of the State, that one man should practice one thing only, the thing to which his nature was best adapted;—now justice is this principle or a part of it.... Further, we affirmed that justice was doing one's own business, and not being a busybody; we said so again and again, and many others have said the same to us.... Then to do one's own business in a certain way may be assumed to be justice.

Thus, for Plato, the division of labor is rooted in human nature, is the key to efficiency and productivity, and is not only just but is justice itself.

It is instructive to contrast Plato's view with that of the arch-nonlibertarian, Marx, who contended (in *Economic and Philosophical Manuscripts*, for example) that human beings are by nature well-rounded, multitalented individuals, "fit for a variety of labors"; that the division of labor is consequently contrary to human nature and is therefore the root cause of alienation. For Plato the division of labor is the root of all good, while for Marx it is the root of all evil.

Plato's hypothetical State, which started out with only a few citizens, increases in size as more and more specialists are added in accordance with the division-of-labor principle. Now Socrates asks:

> Then, again, within the city, how will they exchange their productions? To secure such an exchange was, as you will remember, one of our principal objects when we formed them into a society and constituted a State.
>
> Clearly they will buy and sell.
>
> Then they will need a market-place, and a money-token for purposes of exchange.
>
> Certainly.
>
> Suppose now that a husbandman, or an artisan, brings some production to market, and he comes at a time when there is no one to exchange with him,—is he to leave his calling and sit idle in the market-place?
>
> Not at all; he will find people there who, seeing the want, undertake the office of salesmen.... their duty is to be in the market, and to give money in exchange for goods to those who desire to sell and to take money from those who desire to buy.

If libertarianism is the correct position, surely Plato must have caught *some* glimmering of the truth.

We should notice several important points in this passage.

First, Plato is saying that at least one of the fundamental purposes of human association is peaceful, voluntary exchange. People do not form societies because they are innately gregarious "species-beings," but because there is a mutual economic benefit from such association.

Second, at this stage in the imaginary evolution of Plato's State, *there is as yet no government*. Even so, this is not a primitive barter economy, but a monetary one. This shows that in Plato's view the production of currency is not inherently a government function. It is true that he is speaking hypothetically, not historically, but at least he thinks it *possible* for money to come into existence by voluntary agreement rather than by State fiat. And we know from Murray Rothbard (*Power and Market*) and Carl Watner ("California Gold," REASON, Jan. 1976) that there have been a number of actual instances of successful private coinage.

Third, there is the significant phrase "seeing the want." Plato recognizes that even in the absence of centralized direction, needs will be perceived and fulfilled by individuals—and not from altruism, but because the individuals themselves can benefit from satisfying the wants of others. Here is the "invisible hand" 21 centuries before Adam Smith! This is, of course, how a libertarian society would obtain its roads, postal service, and fire protection, as well as its money.

When the demands of the imaginary citizens for economic goods and services have been met by voluntary exchange, the next step is to provide for their defense. Once again, Plato applies the principle of the division of labor. His discussion of the need for a professional army should be required reading for all proponents of a return to conscription.

> But is war an art so easily acquired that a man may be a warrior who is also a husbandman, or shoemaker, or other artisan; although no one in the world would be a good dice or draught player who merely took up the game as a recreation, and had not from his earliest years devoted himself to this and nothing else? No tools will make a man a skilled workman, or master of defense, nor be of any use to him who has not learned how to handle them, and has never bestowed any attention upon them. How then will he who takes up a shield or any other implement of war become a good fighter all in a day, whether with heavy-armed or any other kind of troops?

In more modern terms: how will an average, unaggressive 19-year-old boy, suddenly yanked out of college or a job against his will, be transformed into an efficient fighting machine in a mere 16 weeks? It is well known that the casualty rate in war is higher among draftees than among career soldiers. It is less well

known that, according to unpublicized studies by the military during World War II and the Korean War reported by James Martin in *Revisionist Viewpoints*, conscripts not only had extremely high desertion rates but frequently refused to fire their weapons even in the face of direct attack! How successful can any enterprise be when most of its members are unenthusiastic about their jobs, resign as soon as they can, and have to be continually replaced by inexperienced people?

Plato was criticizing the Athenian "citizen-soldier" practice, in which there was no standing army; instead, when war broke out, farmers left their fields and potters their wheels, picked up their weapons, and marched off to battle. The Athenians thought that the enthusiasm of men fighting for their homeland would more than compensate for their lack of expertise; many modern advocates of the draft believe the same thing. The system worked for the Athenians against the conscript armies of Persia at the beginning of the fifth century but led to defeat against the well-trained Spartans at the end. The libertarian, agreeing with Plato that soldiering is not an activity for amateurs, would also ask why, if the citizens of the modern State are supposed to be so eager to defend it, it is necessary to force them to do so.

Plato's soldiers are to preserve the peace domestically as well as externally; thus they also constitute the police force. But they must have some rules to enforce, and Plato applies the principle of division of labor once more and creates a new class of rulers: the "guardians" or "philosopher-kings."

The "government" of the Republic consists of these two classes of guardians and soldiers-policemen. It is in regard to these classes only that Plato makes his famous "communist" proposal.

> In the first place, none of them should have any property of his own beyond what is absolutely necessary; neither should they have a private house or store closed against any one who has a mind to enter; their provisions should be only such as are required by trained warriors, who are men of temperance and courage; they should agree to receive from the citizens a fixed rate of pay, enough to meet the expenses of the year and no more; and they will go to mess and live together like soldiers in a camp.... And they alone of all the citizens may not touch or handle silver or gold, or be under the same roof with them, or wear them, or drink from them. And this will be their salvation, and they will be the saviours of the State. But should they ever acquire homes or lands or moneys of their own, they will become housekeepers and husbandmen instead of guardians, enemies and tyrants instead of allies of the other citizens.

If this arrangement were to apply to the entire community, it would be extremely antilibertarian; but as it pertains only to the ruling classes, it reveals Plato's awareness of the libertarian principle that *the government should not be involved in economic activity.* Such activity, in Plato's State, is to be the prerogative of the lowest class.

Plato has perceived that if the rulers have any economic interests they will inevitably use their power to promote those interests. Unfortunately, he fails to draw the inference that the rulers must not only be prohibited from engaging in economic activities themselves but must be forbidden to interfere with the economic activities of others. His guardians, for example, will have the power to enforce the division of labor by assigning individuals to their respective occupations, instead of allowing this specialization to come about spontaneously. He seems not to have realized that the power to regulate trade is also the power to confer benefits on some traders at the expense of others and that this leads to the corruption of the rulers—in other words, to the rulers' acquiring the very economic interests that he was concerned to prevent.

For Plato the division of labor is the root of all good, while for Marx it is the root of all evil.

Or maybe he did realize this, in a way. In book 8, after completing his description of the ideal State, Plato turns to an account of the way in which even this utopia would transform itself into less and less ideal forms, terminating in the worst form of all—tyranny. "Seeing that everything which has a beginning has also an end, even a constitution such as yours will not last for ever, but will in time be dissolved." And the first stage of this degeneration occurs when the rulers begin to acquire private property: "There was a battle between them, and at last they agreed to distribute their land and houses among individual owners; and they enslaved their friends and maintainers, whom they had formerly protected in the condition of freemen, and made of them subjects and servants; and they themselves were engaged in war and in keeping a watch against them." Even the philosopher-kings, it seems, would be subject to temptation.

Plato's insight here poses a challenge to libertarians: what is to keep a government from overstepping its self-imposed boundaries, bit by bit, first in one area and then in another? Some would say that something like this happened in the United States after 1776.

Plato seems, then, to have had a number of ideas in common with libertarianism; nevertheless, his ideal State is far from libertarian in character. The guardians rule by decree, not by law; they are free to intervene in any aspect of their subjects' lives at their own discretion; censorship, lying, and propaganda are among their favorite political tools. Where did Plato go wrong?

His mistake, I think, is one that lies at the basis of all statist ideologies. It is the one that Ludwig von Mises, F. A. Hayek, Karl Popper, and others have cautioned us against—the belief that it is possible for human reason to comprehend, and so to design and manipulate, the vast complexity of human social life. Here is the mistake:

> Well, I said, and is there any knowledge in our recently-founded State among any of the citizens which advises, not about any particular thing in the State, but about the whole, and considers how a State can best deal with itself and with other States?
>
> There certainly is.
>
> And what is this knowledge, and among whom is it found? I asked.
>
> It is the knowledge of the guardians, he replied, and is found among those whom we were just now describing as perfect guardians.

This is the sort of knowledge which in our day is supposed to be possessed by social engineers, regulatory agencies, legislators, presidents, judges, fascist leaders, and vanguards of the proletariat.

It is the actual *lack* of such knowledge that causes most measures undertaken by governments to backfire: expansion of the money supply to stimulate business activity leads to inflation, which results in depression; minimum-wage laws increase unemployment and so poverty; rent controls create housing shortages; agricultural price supports stimulate increases in production, which cause prices to fall; drug laws drive up prices and lead addicts to turn to crime; etc., etc. These paradoxes occur because a society consists of myriads of interactions among multitudes of diverse individuals in vastly different situations—individuals who, in addition, constantly change their beliefs and attitudes in ways unforeseeable even by themselves. No finite mind can grasp such tremendous complexity.

Plato's fatal mistake, then, was to allow himself to fall victim to what Hayek describes in *Law, Legislation, and Liberty*,

(*Continued on p. 38.*)

Saving Swedes from Themselves

Having its first nonsocialist government in 43 years hasn't prevented Sweden from drifting further into paternalism.

by Karl G. Holm

WHEN THE ANTISOCIALIST government took power in 1976, most Swedes expected two major changes in official government policy: a less socialist economic policy and more room for individual liberties, which had been given low priority in the socialist-collectivist political mix of the social democrats.

Today, the reality is quite different. Concerning economic policies, there has been an increase in government interventionism and government subsidies for companies in trouble, mainly because of economic developments outside the reach of government control. It is not practical policy in Sweden to let half a dozen companies with 20,000 employees each go bankrupt and lay off their entire work force. (The total work force in industry is some one million.) No government would survive such a development, and as times have been bad, especially in trades in which Sweden has traditionally been strong (shipbuilding, second in the world; paper and pulp, third in the world; specialty steel, among the top ten in the world), the government has done what has seemed necessary.

A great deal of taxpayers' money has been lost. More will be lost, and it will cost much in lowered efficiency in industry. The general view is, however, that the government will make an honest effort to loosen its control of industry when the business cycle turns up.

The outlook for the other expected change is much worse, however. Individual liberties are severely threatened in Sweden today, and in ways felt in the everyday life of most Swedes. A leading Swedish political columnist has observed that there is only one period in Swedish history named after the parliament—the "freedom era," 1718-1772, when the parliament was strong and emphasized political freedom and civil liberties and when the king and the aristocracy temporarily lost almost all their power. The present parliament, though, may very well elicit the naming of a new era in Swedish politics: the prohibition era—not because of an outright prohibition of alcoholic beverages (thus far, at any rate), but because of a number of other new laws enacted by the parliament.

MEDDLING IN MORALS

Prohibition had already started under the former social-democratic government, but it has speeded up today. The first step was the ban on sale of the standard Swedish beer in supermarkets. It was only to be allowed in the government-run liquor shops. Still obtainable in the shops is a very untasty brew *called* beer, but it can in no way be compared to the old type. The breweries have no facilities to make a good beer with less than 3.5 percent alcohol. Now they are forced to make one with only 2.8 percent (or 20 percent less alcohol), and no brewery has succeeded in producing a decent product under the new standards.

Beer consumption has dropped dramatically, with a corresponding increase in the sale of wine and heavy liquors. The purpose of the ban on the standard beer was to decrease the misuse of alcohol among the young. The effect has turned out to be just the opposite. Instead of their beloved beer, young people are turning to vodka, whiskey, and other heavy drinks. And sales of the 4.5 percent super-beer sold in the government's liquor shops have increased by some 400 percent in a year. The number of people arrested for being intoxicated in public has increased sharply since the ban on the beer. The reaction among parliamentarians has not been a move to reintroduce the old beer but a desire to ban the super-beer as well as certain popular brands of wine and hard liquor.

The next step also concerned alcoholic beverages. Do-it-yourself kits for wine making were banned. The new law was so badly worded, however, that the kits reappeared in slightly changed form (sold in two packages instead of one and with the raw materials in unconcentrated instead of concentrated form).

Step number three was the ban altogether of brewing wine from the dandelion flower. Dandelion wine is not tasty, but some regard it as healthful. If anyone succeeded in drinking more than one glass of this wine at a time, he would have to be congratulated. But the parliamentarians saw it as a danger to the general public —it had to go.

Step number four: so-called one-armed bandits were banned. In one or two cases people had lost 20,000 or more Swedish krona, and the revelation of this was more than the parliamentarians could bear. They felt themselves obliged to protect the general public from this moral danger. Since the bandits have one-krona slots, the losses for individual players must have been minimal if they did not spend weeks at the machines. The machines had mostly been allowed only at restaurants and were in fact of significant economic importance for a number of marginal restaurants. A few hundred eating establishments are expected to go bankrupt, causing unemployment of several thousand people in addition to the thousand or so that will have to go from manufacturers and suppliers of machines.

Step number five: a ban on advertisements for alcoholic beverages. This was regarded as unconstitutional by the former government. The new government has heroically introduced an amendment to the constitution enabling this improvement of public morale. Of course, the low-cost brands preferred by alcoholics have never been the focus of advertisements. Ads could only be seen for high-brow drinks like German white wines and high-quality Scotch.

PROTECTIONISM

Step number six: new law making it compulsory to drive with car headlights switched on even in daylight. It was said that this would facilitate drivers' recognition of oncoming vehicles. The new law has thus far not improved safety on the roads—but it has increased fuel consumption by between 5 and 10 percent.

Step number seven: new law making it compulsory to wear a helmet when driving a "moped"—an untaxed, unregistered motorcycle with a maximum speed of 18 miles per hour and a maximum motor effect of one horsepower.

And more efforts are made all the time. The parliament defeated—by a narrow five votes—a bill suggesting a ban on "war toys." These are said to be "dangerous to the development of children," although psychologists see them as a way to let children turn their natural aggressions in an un-

harmful direction.

Another proposed law would force shops to close on Sundays, and maybe also after a certain hour on weekdays. Only some 10 years ago small local shops were dying all over the country. Today, small businessmen have found a way to save them: they run "service shops" with only a small choice of brands, with higher prices, but close to the shoppers and open at times the shoppers want them to be open, including late nights and Sundays. As the labor on Sundays consists mostly of unorganized part-time workers (housewives, students, etc.) the trade unions have been fierce in their opposition to the present policy of no restrictions on opening hours. The great battle is yet to take place, and the outcome is uncertain.

Recently, a group within the Ministry of Justice began to study the possibility of introducing a new law banning knives in public. It would be forbidden to have any kind of knife if moving around in public. Imagine what an enormous bureaucracy this would create, to license craftsmen—and even private individuals wanting to carry their knives from the department store to their private homes.

To add up to a nice total, a woman M.P. from the "liberal" party recently introduced a bill to ban "dangerous" potted plants, or at least make it compulsory to warn all customers that they are dangerous (for example, poisonous if eaten). And another M.P. introduced a bill to ban caged birds and to arrange for the release of all caged birds and for their transport to the Canary Islands or another suitable place. It may be added that private monkeys were banned a few years ago. A few children had been bitten by their (or more likely their neighbors') pet monkey. In spite of this heroic effort to protect the innocent children from these wild beasts, no one has yet proposed a ban on dogs. But the tax on dogs (yes, there is indeed such a tax) has been raised—of course, it may be added.

Several people lost 20,000 krona on the one-armed bandits, and this revelation was more than the parliamentarians could bear.

It must be said that the present government is responsible only for a part of this folly. Much of the villainy has been instigated by the parliament. The socialist opposition, with its collectivist ideas, has a tendency to support measures that limit individual freedom. On the other hand, the former socialist government was not prepared to advocate laws that were too contrary to public opinion. Today, the picture has changed. The strong teetotalers and puritans within the Centre and Liberal parties continue to introduce bills suggesting restrictive laws. And the socialists perceive that such measures will be blamed on the new government, so they are prepared to support the suggested measures that are in fact in accordance with their ideology but the opposite of what they have regarded as practical policies when in power.

The socialists and the puritans have thus created a working majority in these matters. They are able to press their views against the official policies of the government, knowing that the government never would allow such minor questions to turn out as a vote of censure. Such a vote may come, but it will come on a major question like energy or taxation, not on the dozens of small questions that taken together make an impressive total of "prohibition Sweden." ◻

Carl Holm is employed by the Federation of Swedish Industries and also operates the Contra *publishing firm.*

Dematteis

(*Continued from p. 36.*)

as the "*synoptic delusion*, that is,... the fiction that all the relevant facts are known to some one mind, and that it is possible to construct from this knowledge of the particulars a desirable social order." But even here, Plato shows more wisdom than his modern counterparts who endeavor to draw up blueprints for giant nation-states.

Plato thinks in the context of the tiny Greek city-state and specifies that the Republic should be kept small: "I would allow the State to increase so far as is consistent with unity; that, I think, is the proper limit." He also proposes to make his community even more homogeneous than the typical city-state, albeit in a brutal, nonlibertarian way: the rulers would "begin by sending out of the country all the inhabitants of the city who are more than ten years old, and will take possession of their children, who will be unaffected by the habits of their parents; these they will train in their own habits and laws."

Centralized direction might have a chance to succeed in such circumstances, though the failure of many actual small utopias casts doubt even on this possibility. But the fact remains that Plato would be the first to insist that political units on the modern scale could not be governed by any small group, no matter how noble their intentions and how great their expertise. He also admits that even under such "ideal" conditions as he lays down, the rulers would have to resort to deceit and censorship to make their policies work. And he concedes that even then their success would be short-lived.

At least as far as the *Republic* is concerned, Plato—appearances to the contrary notwithstanding—shared a number of key convictions with libertarians. His great error was his belief that someone could possess the requisite knowledge to plan and direct an entire society. An examination of the more "practical" political dialogues, the *Statesman* and the *Laws*, would probably reveal even more libertarian elements in Plato. But we can already see that, while neither Plato nor Aristotle was a full-fledged libertarian, they can both be considered legitimate forebears of that philosophy. It is not necessary to abandon one of the greatest minds of antiquity—or any other era—to the advocates of statism and collectivism. ◻

Philip Dematteis taught philosophy for six years at the University of South Carolina.

Lucifer's Lexicon

by L. A. Rollins

Bahaism, *n. A religion that essentially disagrees with all other religions in teaching that all religions essentially agree.*

bilingual, *adj. Able to utter doubletalk in two languages.*

candidate, n. *A box of soap less than 99 and 44/100% pure.*

Limited-governmentalism, *n. Partialitarianism.*

majority rule, *n. The moral equivalent of a gang rape.*

malicious hooliganism, n. *In the Soviet Union, the crime of opposing the benevolent hooliganism of the State.*

Southern belle, *n. A Dixie dingaling.*

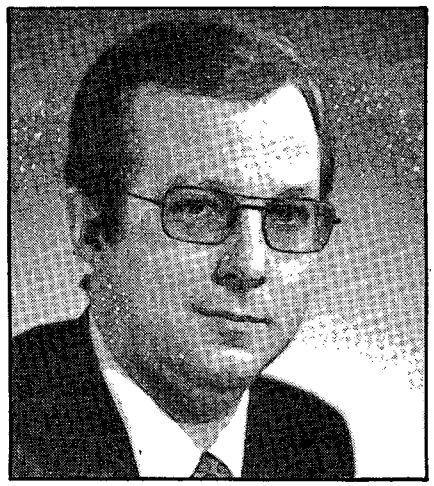
unfair competition, n. *Competition.*

Unitarian Universalism, n. *The religion for people who think they are thinking people.*

upbringing, n. *A bringdown.*

Phase 6½

viewpoint



Alan Reynolds

On October 26, I joined an otherwise distinguished group of businessmen for breakfast at the White House with Messrs. Strauss, Schultze, Blumenthal, Bosworth, and Kahn. The purpose, of course, was to convert us all into missionaries to spread the gospel of the president's latest inflation plan (perhaps I should say anti-inflation plan). Although the food was mediocre, the cigars and entertainment were good, so I'll make a sincere effort to sing for my supper.

Dr. Schultze spoke of the "three stools" of the effort: fiscal restraint, deregulation, and wage-price guidelines. The pledge to trim the budget to 21 percent of GNP in 1980 at least has the direction right for a change, even if it is too little and too late. I listed over $51 billion in *Fortune* (August 28) as initial candidates for the ax; the president only hopes to trim $15 to $20 billion from the otherwise automatic rise in spending.

Given the shaky state of the economy, the president is bound to be hit with the argument that the economy needs to finance more government salaries and transfer payments by drawing funds out of the stock and mortgage markets and putting them into government IOUs. In the Keynesian theology, this is somehow regarded as a "stimulus."

Even if the president and Congress go along with a 1980 budget of around $535 billion, there is little chance of raising enough revenue to keep the deficit anywhere near the announced target of $30 billion. More inflation might do the trick by tossing everyone into a 50 percent tax bracket. Rising effective tax rates are indeed assumed in the president's goal of balancing the budget at 21 percent of GNP, since federal taxes have lately been well below 20 percent GNP. But steeper tax progressions would further depress effort and investment, and you can't squeeze blood out of a stagnant economy. Moreover, the "wage insurance" scheme would lose $5 to $10 billion in tax revenue for each percentage point that inflation exceeded 7 percent.

Dr. Kahn's apparently sincere interest in eliminating a few government-mandated cost increases might improve the economy's efficiency, but the effect on inflation would be small and mostly temporary. Deregulation of the airlines was quite an accomplishment, but I remain skeptical regarding a major assault on the Interstate Commerce Commission. It may just be a threat to get the Teamsters to settle cheap in 1979, since unions generally syphon off most of the potential monopoly profit of regulated cartels.

A White House fact sheet on the new Regulatory Council says, "The council will have the important task of coordinating duplicative and overlapping regulations." Always nice to have coordinated duplication, but elimination might be more helpful. While OSHA dumped a thousand silly regulations, that leaves about 9,000 to go. And if they churned out so much nonsense before, what stops them from doing it again?

The missing link in the program—immediately reflected in sinking values of stocks, bonds, and the dollar—was, of course, money. Nobody in the administration or Federal Reserve has yet so much as hinted that the growth of money and the related expansion of credit has been excessive or needs to be slowed. That is rather scary and suggests that the costly schemes to "support" the dollar may be wasting the taxpayers' money. The Fed is speculating on the wrong currency.

Soon after the markets passed judgment on the anti-inflation package, clearly judging it to be an official blessing of roaring inflation, the Federal Reserve was forced into a modest gesture of restraint. The discount rate was hiked a point, and reserve requirements on large certificates of deposit were tightened. Not much, but it helped. The values of stocks, bonds, and the dollar all soared before doubts set in about whether or not this was just another respite, like the brief flirtation with monetary restraint in April.

In any case, the experiment showed that when inflation is the main threat, and expectations are rational, the economy thrives on disinflationary policies. In this situation, monetary "stimulus" just hikes expectations of inflation, boosting wage and interest rates while sinking the dollar.

Monetary restraint, on the other hand, can have paradoxically beneficial effects by (1) raising the dollar (thus easing threats of protection or dumping the dollar as the main reserve and trade vehicle), (2) raising the stock market (thus bolstering stockholder wealth and discouraging less-useful investments in supposed "hedges"), and (3) reducing expected future inflation and related costs (wage increases, commodity prices, long-term interest rates).

I have studiously avoided mentioning guidelines, since their only effect was to help discredit the rest of the program. Markets viewed guidelines as a sign of insincerity.

As long as the Fed continues to feed money to the inflation, somebody will spend that money and somebody will receive it. Guidelines or controls only affect who gets what share of the new money—that is, they are just another form of redistribution of income (usually away from organized labor and toward recipients of government salaries and transfer payments).

The only effect of guidelines on inflation is to make it worse by reducing real growth. The economy loses the incentive to move resources from relatively surplus uses to uses that consumers value more highly (as shown by "shortages"). Firms facing profit limits also have no incentive to watch costs; workers facing pay limits have no incentive to excel; firms facing price limits have an incentive to skimp on quality or size. Since inflation is "too much money chasing too few goods," guidelines or other forms of controls only give us fewer (and worse) goods, and more inflation.

Scrap the guidelines, press forward with more of the rest, and it might deserve to be called an anti-inflation program. Above all, the people must be convinced that, unlike all recent gestures toward monetary restraint, this effort will not be abandoned in less than a year. Otherwise,

workers and firms will just sit it out without giving an inch on wage or price gains, figuring they will again be washed back on shore with the next tide of greenbacks.

A world in which Michigan surveys show consumers expecting 10 percent inflation, and everyone is rushing to get in debt to hedge or speculate against inflation, is a classical world, a world of profoundly sensible expectations. To remedy that illness requires classical medicine—a believably permanent shift toward negligible money growth. And, contrary to the economic quacks who have bled the economy's vitality while putting it on a nourishing diet of paper, the classical medicine wouldn't taste nearly as bad as the alternative. ◻

spotlight

Independent Businesswoman

Most of us hardly think twice about the everyday intrusions of government—withholding taxes, regulations, business licenses—even though they may violate our rights. Yet accepting petty rights violations tends to dull our sensibilities, making us less resistant to major violations.

One person who refuses to accept *any* State intrusions is Jane McLaughlin, a businesswoman in Costa Mesa, California. So strongly does she believe in her right to operate a "sovereign" firm that she spent a night in jail rather than knuckle under to city bureaucrats.

McLaughlin's troubles began almost as soon as she began operating Morningrise Printing last May. Within a week Costa Mesa officials demanded that she obtain a business license, at one point locking her out and threatening to arrest her for burglary for reentering her own business. Her initial resistance to the license was based on the city's demand for detailed information on the license application form. "It's none of anyone's business how much money I make," she told startled officials. "I'm just trying to earn an honest living and mind my own business."

The day after the threatened burglary arrest, police issued McLaughlin a ticket for failing to obtain the license. Thereupon, she began a series of attempts to comply—on her own terms. First, since the city claimed that the purpose of the license is to raise revenue, she sent in a voluntary contribution of $15—half again the amount of the license fee. It was refused. Next, she made three separate attempts to apply for the license in person—subject to a proviso in which the city would agree that in so doing she was not giving up any common law rights. She was refused three times, each recorded on videotape by a compatriot.

By this time city officials were getting angry. On July 5 a judge ruled Morningrise to be in violation of city law. Two weeks later, after denying a motion to reconsider, Judge Selim S. Franklin set a trial date for August 29, later rescheduled to September 26. McLaughlin's legal advisor Hans Sherrer thereupon filed notice with the court stating that she would appear once the city had produced a sworn statement defining the crimes with which she was charged. When the city ignored this, McLaughlin stayed home. Three days later, Judge Donald Dungan issued a warrant for her arrest (for failure to appear). Though the warrant was placed in the *mail*, two police officers were dispatched to Morningrise that *same day* to make the arrest, and McLaughlin was hauled off to the Orange County Jail.

Jane McLaughlin

Undaunted after 10 hours in the holding tank, her first action after being bailed out was to sue Judge Dungan for 1,500 grams of gold (about $10,000) in damages, for deprivation of due process and possible false arrest. At a subsequent hearing, Judge Frances Munoz agreed with McLaughlin's charge that the city's original complaint was defective and required a new one prepared. She also reduced the bail from $500 to $100. McLaughlin's arraignment has been postponed several more times and had not yet taken place at press time.

Who is Jane McLaughlin and what is she up to? Born 31 years ago in Seattle, McLaughlin started out as a chemist. After some years working in a hospital clinic, she decided to get out because hospitals are so heavily funded and regulated by the federal government. Her aversion to controls and espousal of individualism led her to Orange County, where a group of freedom-minded investors was looking for people to operate "stateless" firms.

Based on a concept developed by Anthony Hargis, these are to be companies operating in accordance with the Bill of Rights and common law principles—regardless of possibly conflicting laws and ordinances. Morningrise is the second in a projected series of enterprises. Others, in various stages of planning or operation, include a commercial printing plant, a Montessori-like school, a transfer and security company, and a chiropractic business.

"I'm not on a crusade," says McLaughlin. It's just that she is unwilling to give up her rights, putting herself in a subordinate position to the city government. Accepting a business license unconditionally under today's laws, she believes, would "destroy the master-servant relationship between the people and the government. It makes the city the master and the people the servant. That's what I object to."

McLaughlin's stand has attracted some sympathetic attention. A front-page story in the Orange County *Register* was syndicated nationwide, and the paper itself editorialized that she had already won a "moral and artful victory." (She and her legal advisor hope to do better than that, if not winning outright, at least wearing the city down and scoring rhetorical triumphs.) Many other small business owners have expressed support, but none has offered to share in the battle.

McLaughlin, though, is undaunted. "I'm standing up for my rights and what I believe in," she says. "Someone must stand up for their rights, or we won't have any."

—Robert Poole, Jr.

Mr. Rasool said that those arrested had conspired together to instigate an armed invasion of the Seychelles and would be charged with reason, which is a capital offence.

—Times (*London*), *March 5, 1978*

books

Welfare

By Martin Anderson
Stanford, Calif.: Hoover Institution Press. 1978. 251 pp. $10.

Reviewed by Murray N. Rothbard

What to do about welfare? For over a decade, the American public has increasingly and correctly perceived that welfare is a "mess," that cheating is endemic, that productive people are being bled unconscionably, and that something must be done about it. Conservative advocates of the free market have risen to this challenge in two different ways, each of them tragically missing the mark and thereby abandoning a clear opportunity to lead the public in the direction of privatizing welfare and eradicating the coercive "welfare" system.

One highly influential proposal by a group of conservative economists, led by Milton Friedman, was a variant of a guaranteed annual income known as a "negative income tax" (NIT). As designed by Friedman, the NIT was supposed to substitute for welfare payments and render the entire system more "efficient." In actual political practice, the Friedman plan was gleefully used by the left as a cover for its cherished idea of a guaranteed annual income (GAI), and by Patrick Moynihan in skillfully persuading the Nixon administration to propose the Family Assistance Plan (FAP).

Free-market economist Martin Anderson has long been the nation's most effective opponent of any form of guaranteed annual income, including the negative income tax. Anderson won his spurs with his first book, *The Federal Bulldozer* (1964), the first and still the most effective demolition of the urban renewal program. Within the top councils of the Nixon administration, it was Anderson who led the fight against the FAP and who in a sense was indirectly responsible for its eventual defeat in the Senate.

Now, in *Welfare*, Anderson has levelled a comprehensive and lucidly written critique of the guaranteed annual income in all of its parts and variants. He is unsparing of the NIT, and there are several sparkling pages of inside information on the infighting within the Nixon administration. But the bulk of the book is a critique of the GAI and an excellent guide to the critical literature on welfare. It is an empirical counterpart to Henry Hazlitt's brilliant philosophical demolition of the GAI and NIT in his *Man vs. the Welfare State* (1969), which should be read in conjunction with the present book.

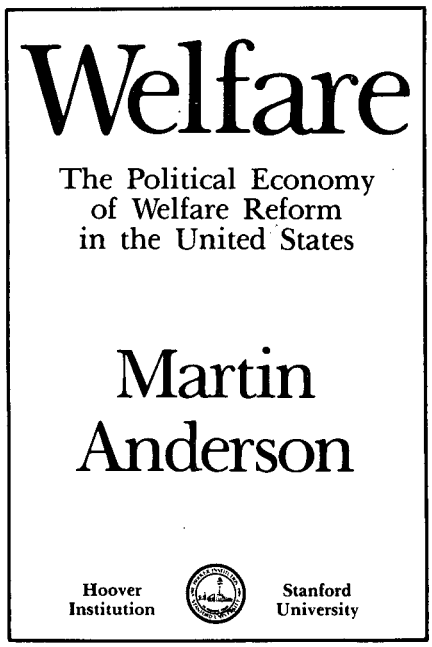
The most important contributions of *Welfare* are chapters 5 and 8. The proponents of the GAI have triumphantly attempted to refute theoretical criticisms of the crippling effects of their scheme on incentives to work, pointing to various local GAI "experiments" in which this effect is supposed not to have occurred. Anderson's chapter 5 is the first thoroughgoing critique of these experiments, and he leaves them in ruins.

Chapter 8 is the first published critique of the much-ballyhooed Carter welfare reform scheme; Anderson penetrates its fog of obfuscation to show its potentially disastrous effects. As he summarizes his analysis:

> President Carter's welfare reform proposal would add nearly 22 million more Americans to the welfare rolls. The federal cost of welfare would increase by about $20 billion a year, and most of that money would go to families with incomes above the poverty level. Effective marginal tax rates would remain very high and act as a serious financial disincentive to work. The [Carter proposal]...would be more complex, require more welfare workers, and be more difficult to administer than the current welfare system. [Its] basic thrust...is to further the idea of a guaranteed income, expanding welfare into the heart of the middle class of America. It is a potential social revolution of great magnitude that could result in social tragedy.

So effective was Anderson's critique that *Newsweek* reported (October 9) that copies of *Welfare* were distributed to all the members of the Senate Finance Committee and their staffs and that the book probably played a vital role in the committee's decision to shelve the welfare program.

And yet, despite its great merits, Anderson's *Welfare* is but the latest embodiment of a second, and more traditional, form of self-defeating conservative strategy referred to at the beginning of this review. Basically, this is the strategy of holding the pass against evil coming down the road. In his commendable anxiety to guard against radical welfare reform for a guaranteed income, Anderson finds himself not only defending but even praising the status quo. In this way, libertarianism in principle is transmuted to conservatism in strategy, to a willingness to embrace as well as defend the existing system.



It is not that Anderson doesn't understand and point out many of the flaws of the current welfare system. In particular, there is his excellent discussion of the marginal disincentives to work that it imposes on its clients. But the general thrust of his discussion is positive: the welfare system is considered basically good and is even lauded for abolishing poverty in the United States. In the name of political feasibility as discerned from opinion polls, Anderson is willing to accept the current system and suggests only the cosmetic Reagan reform of cracking down on welfare cheats and imposing a work requirement for those able to work.

In fact, Anderson goes so far as to *commend* the Reagan reform for *not* lowering total welfare payments and for increasing payments to those who remained on the welfare rolls. And one of Anderson's main arguments for cracking down on welfare fraud is explicitly to restore public confidence in the welfare system itself: "As long as fraud is widespread, anyone on welfare is suspect to some degree in the minds of many people. A substantial reduction of welfare fraud would...help greatly to restore confidence in and respect for the system."

Thus, the conservative strategy, concentrating on a short-run preservation of the status quo from greater evils looming in the future, winds up willy-nilly as an

apologia for the statist system that now exists. Not only that: in the case of welfare, this strategy is all the more tragic, because it explicitly undercuts the rebellious mood of the mass of the public against the welfare system and tries candidly to enlist support for a merely trivial alteration of that system.

Libertarians and classical liberals can and must do better. Now that the public is properly fed up with the welfare mess, our task should never be to defuse its anger or redirect it to support the self-same system. Libertarians should seize the current opportunity to reconfirm and heighten the discontent of the public, not to vitiate it, and then to point to the *other* radical alternative to the current system—the privatizing of welfare and the abolition of compulsory "charity." But for that we need a concentration, not on influencing the corridors of power, but rather on igniting the public's resentment against those very corridors. We need, in short, a radical rather than a conservative strategy.

Unfortunately, Anderson, along with a host of other conservative strategists, has not absorbed the lesson set forth 40 years ago by that splendid "old rightist" Garet Garrett, in *The Revolution Was*. Garrett warned conservatives that it is senseless and counterproductive to guard the pass against a "revolution" that has *already taken place*. It has already triumphed, and the status quo is its embodiment. If we once realize *that*, we will no longer wish to expend our energies in defending the existing system against further statism. Statism *is*, and so libertarians must devote themselves to rolling it back so as to achieve liberty.

In principle, Martin Anderson is a libertarian. But if he were only a libertarian in strategy, he could have written a clarion call, not against *truly* radical welfare reform, but in favor of it: in favor of independence and freedom.

Murray Rothbard is a REASON contributing editor.

The Moral Status of Animals

By Stephen R. L. Clark
Oxford: Clarendon Press. 1977. 221 pp.
$13.

Reviewed by Michael Martin

Who started the recent philosophical interest in animal rights? Some might say Stanley and Roslind Godlovitch and John Harris, who edited *Animals, Men, and Morals* (1972), in which various authors argued for vegetarianism and against vivisectionism. Others might cite Robert Nozick who, in *Anarchy, State, and Utopia* (1974), dared to raise questions about the moral status of animals in a major work on political philosophy.

Origins aside, this contemporary trend, once started, was impossible to stop. Next came Peter Singer with *Animal Liberation: A New Ethics for Our Treatment of Animals* (1975), developing an articulate and systematic vegetarianism and antivivisectionism and arguing against speciesism (the view that the human species is superior). Following close on the heels of Singer was Tom Regan, who actually defended vegetarianism in a respected philosophical journal ("The Moral Basis of Vegetarianism," *Canadian Journal of Philosophy*, 1975). The surest sign that a philosophical topic has become popular is for an anthology on the topic to appear. Sure enough, in 1976 Singer and Regan brought out *Animal Rights and Human Obligation*, which contained classical and modern philosophical writings on the moral status of animals.

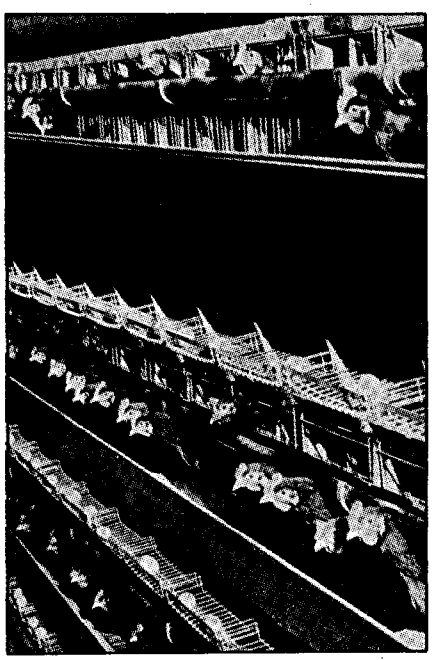
Philosophical consideration of the moral status of animals is popular, but is it philosophically respectable? Because of its scholarly approach and prestigious publisher, the latest philosophical defense of animals' rights gives the subject the highest respectability. Philosophers can no longer ignore the subject, since they cannot ignore Clark's book, *The Moral Status of Animals*.

Clark argues eloquently and passionately on moral grounds for vegetarianism and against vivisectionism. But he does more: he critically evaluates the worldview of the typical modern person—a worldview in which human beings are the highest stage of evolution, one in which all creatures and things in the universe are judged in terms of their value to human beings. Such a worldview, according to Clark, is an illusion created by human arrogance and hypocrisy.

Human beings are one species among thousands, a species closely related to and dependent on both plant and animal species. Instead of emphasizing the differences between humans and other animals, Clark brings out the similarities and common bonds, ones that humans would, according to Clark, naturally feel had not their sensitivities been corrupted by various streams of thought, including the philosophy of the Roman Catholic Church and scientism. In short, Clark attempts to develop a new vision of the place of the human species in the universe and an outline of an environmentalist ethics.

Clark's approach to animal rights should be contrasted with that taken in the best-known contemporary book-length treatment of the subject, namely Singer's. (Nozick's book treats the subject only in passing.) Singer bases his defense of animal rights on the simple premise that animals are beings with interests since they are capable of suffering. His vegetarianism and antivivisectionism derive directly from this idea. Singer's book is easy reading, obviously written to have broad appeal. It is a New York Review Book and has been widely advertised. It may well have a practical impact on animal welfare.

Clark's argument is not based on any simple ethical assumption. Indeed, he admits that he has no consistent moral system and is willing to argue on almost any basis to achieve his practical ends. Clark's book is not easy reading. Ancient and modern philosophical sources, passages from religious texts and literary references, are constantly worked into the argument. This scholarship, although impressive, sometimes gets in the way of understanding.



If Clark is really interested in achieving the practical ends he sets for his book, it is unfortunate that he wrote it as a scholarly treatise and published it with Clarendon Press. This book will impress people in the scholarly community, but it is difficult to believe that it will have much effect on animal welfare. (For an even more critical reaction to Clark's book see Tom Regan's review in *Philosophical Books*. Regan believes that Clark's style and manner may actually be harmful to the cause of animal rights.)

Practical import aside, does Clark make his case? There is no doubt that some of his arguments are very strong and

that he successfully refutes many defenses of vivisectionism and meat eating, but all of his arguments are not entirely convincing. For example, Clark, like Singer, believes that if one grants that animal suffering from mass food production is morally wrong, one is obliged to become a vegetarian. Such a conclusion does not follow, however, unless certain other problematic premises are assumed. For example, the conclusion would follow if it was assumed that (*a*) becoming a vegetarian is the most effective means of stopping animal suffering in food production and (*b*) there is a moral obligation to use the most effective means to stop some moral wrong. But (*a*) is problematic (see my "Critique of Moral Vegetarianism," *Reason Papers*, 1975). These premises are not even mentioned, let alone argued for, in Clark's book.

Clark asserts also that killing animals will weaken people's respect for human life. Such a view may be correct, but it surely needs some supporting evidence, which Clark fails to give. I know of no such evidence, and I cannot help being surprised that Clark acts so confident. It is significant, I think, that although Clark is apparently completely convinced that killing animals weakens people's respect for humans, when he considers the belief of some philosophers and psychologists that animals have no reasons for their actions and no language, he becomes skeptical; he is amazed that people can be so sure that animals don't have reasons for action or a language. One might wish that such skepticism would have been more consistently applied.

Such problems aside, Clark's book provides the deepest and most scholarly defense of animal rights in recent literature. No doubt it will be widely discussed in philosophical circles.

Michael Martin teaches philosophy at Boston University.

The Taxpayer's Guide to Effective Tax Revolt

By Sheldon D. Engelmayer and Robert J. Wagman
New York: Dale Books. 1978. 269 pp. $1.95 paper.

Up until now it's been a sad fact that the tax revolt hasn't had a comprehensive "how to" manual for the rebelling masses. After all, farmers have their *Almanac* and hippies their *Whole Earth Catalog*. Why not something for the taxpayers?

Well, now we've got it. And it is a beautiful little book that should be on the shelves of every individual who has ever even *thought* of getting involved in the tax revolt. *The Taxpayer's Guide to Effective Tax Revolt* is an explosive handbook—in a conservative way—that tells anyone who wants to know just exactly how to start, carry through, and win an anti-tax movement. It is beautiful in its simplicity and powerful in its concept. And it aims straight at the heart of the tax movement —the middle class.

Besides the clear and succinct introduction on the tax movement, a section on "Ten Steps to Effective Tax Revolt," and the "Case Histories" section which tells about current and past tax battles, Engelmayer and Wagman include a socko general-info section. It contains chapters explaining the Laffer Curve, balance-the-budget proposals, the federal tax revolt and why we have it, inflation, the ill-fated Kemp-Roth bill, the concept of Sunset, and much else.

Then, as if that were not enough usable information, they launch into *another* section, "Things You Must Know," which covers different ways of attacking the problem, determining government efficiency through reports and the like, what's happening in every state with an

(*Continued on p. 46.*)

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movies

•Stevie •Midnight Express •A Slave of Love •Blood Brothers

• Glenda Jackson is **STEVIE**, Mona Washburne her aunt, Trevor Howard a friend—excellent performances all. That's about all the cast there is, in this film taken from a play that is drawn from the life of the British poet Peggy ("Stevie") Smith. The actors speak directly to the audience, as they sometimes do in the theater, and intermittently to each other.

Stevie Smith was hardly known outside of England and (in my opinion anyway) wasn't all that great a poet. Compared to Emily Dickinson, whose life hers resembles, her poems are fairly prosy.

But, unlike most films, the gut issues are all there: life, love, death, philosophy, marriage, loneliness. They are all eloquently commented on in the film, and with complete honesty and absence of cant. Many people who never got to see the play (in London) will want to see the film for the expression of these thoughts alone.

There is one recurring prop: a train going through a dark tunnel. Every time it appears there is a light at the end of it, except the last time, when both the film and her life come to an end. Yet one does not feel at film's end that one has really understood this woman, what made her do the things she did, or why in the midst of London she chose a life of such reclusiveness and solitude.

The soul selects her own society,
  Then shuts the door.
On her divine majority
  Obtrude no more.
. . . . . .
I've known her from an ample nation
  Choose one;
Then close the valves of her attention
  Like stone.

—John Hospers

• Touted in advance as the most important film of 1978, **MIDNIGHT EXPRESS** is far from living up to that claim, although it is highly dramatic and often exciting. It comes off as a kind of Turkish *Papillon*. As one degradation follows another in a foreign prison, the ability of the viewer to react empathetically is gradually anesthetized. Primarily for that reason, the first half of the film is much more interesting than the second. Since the film is based on fact (an American, William Hayes, imprisoned in Turkey for drug smuggling), we know that he ultimately escapes, and the only question is how much more he will have to endure before this happens.

Apparently the Turkish government was in a snit at the United States because of the latter's "unreasonable" stance in the Turkish-Greek Cyprus conflict, and was determined to make an example of an American by sentencing him to a long prison term. The protagonist therefore appears as an innocent pawn in a game of international intrigue, and the drug charge as more or less a pretext. The film concerns the pawn in this game, imprisoned for years under conditions that can be mildly described as ghastly—yet not nearly as ghastly as in (for example) *The Count of Monte Cristo*; but on account of the greater realism permitted in films during the last decade, a greater variety of excruciating detail is depicted before the viewer's eyes.

Since there was almost an international incident with the Turkish government over the filming of Hayes's book, the actual shooting took place in Malta. Much of the dialogue is in Turkish (untranslated), and some of the English isn't very easy to understand. On the other hand, the background music is unusually well adapted to the story, and the finest acting comes from the British actor Larry Hurt, costar of one of the best and least-noted British films of recent years, *Ten Rillington Street*. But the main content of the film is brutality and terror, and the end effect is, not unexpectedly, almost unrelievedly depressing. Those who revel in such protracted misery as is shown in *Papillon* and dramatic depiction of drug-trafficking as in *Who'll Stop the Rain?* will be able in this film to treat themselves to a double dose of misery with which to empathize.

—J. H.

• In the last years of Czarist Russia, many visitors to that land remarked that the standard of living in rural Russia was higher than that of Western Europe; Tchekov, who had seen both, commented on this also. But by 1921, after the Revolution, Russia was still riven by civil war; the White armies were battling the Red armies; and with the breakdown of supply and distribution, many people ate human flesh to survive, and millions of others starved.

And now we have a Soviet film, set in this time, but taking place in the comparatively self-sufficient Crimea. Like *Black and White in Color*, this is a film about filming: an absurd little troupe of filmmakers doing penny-dreadful melodramas, oblivious to the old order crashing all around them. **A SLAVE OF LOVE** is the movie they are making, in this film of the same title. At first the movie-within-a-

Columbia Pictures

Istanbul airport arrest scene from *Midnight Express*.

the same title. At first the movie-within-a-movie plot seems absurd and trivial (though with some deftly comic touches), but bit by bit as the characters get involved, usually against their will, in the political loyalties of the day, the harsh realities of the civil war crowd in, and even the heroine of the melodrama (Elena Solovei) is tragically drawn into it.

No film, of course, can be made in the USSR without the approval and sponsorship of the Soviet government. Early Soviet films—*Shors, The Road to Life*, etc.—were highly propagandistic, and even the masterpieces of Eisenstein (for example, *Potemkin*) and Pudovkin (for example, *Mother*) were thinly disguised propaganda. Compared with them, this film is simply a human story that could have been made anywhere. There are precedents for it: one of the most popular of Soviet films overseas, ***Ballad of a Soldier*** (1959), though it dealt with World War II, was in no way propaganda, and neither was the greatest of all Soviet films, ***The Childhood of Maxim Gorki*** (1939). The present film is not in the same league with any of these; the film itself is much less remarkable than the fact that it was made. The Whites do inflict somewhat more cruelty in it than the Reds, but at least it is not denied that there were atrocities on both sides—which is, I suppose, some kind of progress. But then, I have sat with film audiences in Moscow and Irkutsk when they laughed at propaganda films; perhaps denying the obvious would be just too ridiculous.

—J. H.

• Sometimes the whole is better than each of its parts, because of superior organization; more frequently, the parts are better than the whole, because the thing hasn't been put together right. The latter is the case with **BLOOD BROTHERS**, a film with very strong individual scenes but whose total effect is dispersed in an attempt to delineate too large a variety of scenes and characters.

It is a family picture, not in the sense that the whole family should see it (its R rating is well deserved), but because it deals with a segment of the life of one family, an Italian family in New York City. The family tensions and conflicts heat the screen almost to incandescence.

The tragedy illustrated in the film is one of noncommunication within a family. Few of the problems would have remained insoluble if those involved had simply sat down calmly and talked things out rationally with each other. But in a highly volatile domestic situation, this was the one alternative never adopted.

The main character, the elder son (Richard Gere), is torn between his fa-

(*Continued on p. 48.*)

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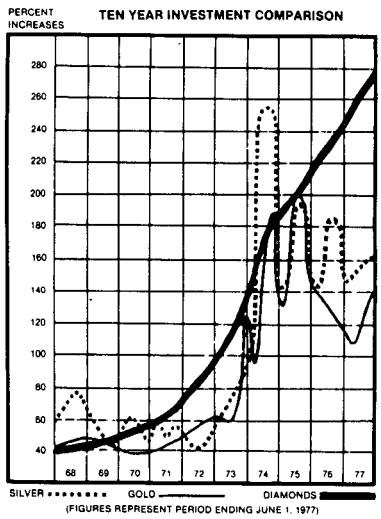

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books

(Continued from p. 43.)

active tax rebellion, and the workings of initiatives, referendums, and lobbying. Want to know more? How about how to get in touch with "groups that can help you," what their main thrust is in the tax rebellion, where they come from, what they do and who their leaders are?

Still *more*? God yes: they put in *21* appendices that include everything from a model press release, a model press kit, and a model press conference announcement, to samples of taxpayer propaganda in favor of tax cutting and Milton Friedman's major statement on tax limitation reprinted from *Policy Review*. Oh, surely that's not enough information: other appendices include the texts of tax-limiting amendments and spending limitations from California, Colorado, Illinois, South Dakota, Arizona, Michigan, Massachusetts, Tennessee, Nebraska, and Florida. *And* you'll find tax-limitation and bureaucracy-controlling amendments and statutes suggested by the American Legislative Council. Also here: sunset-act wording.

All of this and more is packed into a little paperback 269 pages long. Not bad. Criticisms? Yes: they have some typesetting and proofreading mistakes. In some places they're a little bit too conservative about tax slashing. And that's about it.

This book should be in the home of every family who's ever thought about taxes and getting involved. And everyone else. It is highly readable, immensely informative, and super-helpful in myriad ways. Engelmayer and Wagman have done a huge service to the tax rebellion. Buy their book: read it and use it. Make them rich. They deserve it.

—Timothy Condon

The International Man

By Douglas R. Casey
Alexandria, Va.: Kephart Communications. 1978. 133 pp. $14.95.

The International Man is self-styled as a complete guide to the world's last frontiers for "both freedom-seekers, investors, adventurers, speculators, and expatriates." The author, Douglas R. Casey, is to be commended for writing a book that not only contains most of the information that will interest such readers but also contains information in a condensed form that is valuable for comparative academic studies of political and economic freedoms in most countries of the world. To those readers who are not specifically oriented toward the free market and political freedom, explicit introduction of these ideas in the overall context of the book increases the book's value immensely.

There are 10 chapters in the book—133 pages of largely nonduplicated information. After an introduction and a chapter advising how to use the book, Casey separately considers personal freedom and financial opportunities around the world. He then analyzes the situation in particular countries and areas of the world, devoting the most space to areas he rates desirable. He concludes with the "World of Opportunity" and the "International Man's Directory." Each of the chapters is appropriately sectionalized, and the author and editor are to be congratulated for a better than average presentation indicating logic and forethought.

As an "international man," it is a pleasure to report that most of the information on countries with which this writer is familiar is accurate. There are a few errors, but none is of major importance, and subsequent editions of this volume can be corrected and easily updated. Cu-

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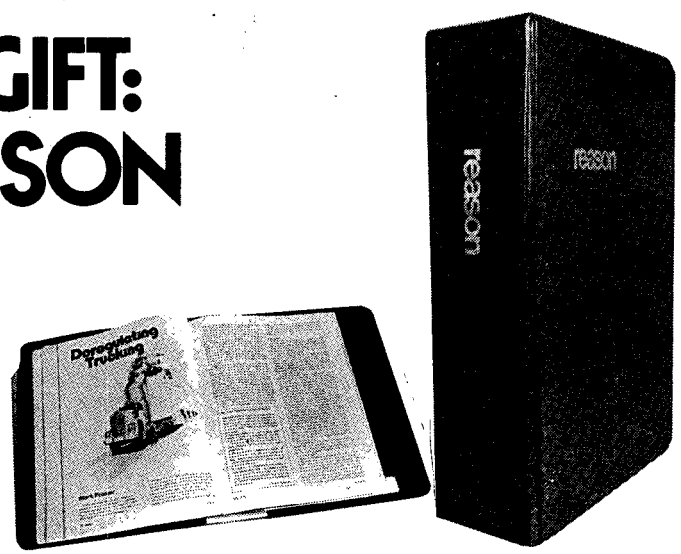

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riously, Singapore, Hong Kong, and Bermuda receive no mention—not even in the index. As with any printed matter, political events can and often do overtake the publisher.

Any person interested in a concise political and economic review of countries other than the United States will find a wealth of information, and any person planning to become an international man should read the pros and cons, which are well and explicitly stated by the author. The information on passports is worth the price of admission alone. I could not conceive of any individual planning to go international without having first read this book.

—Robert Churl

letters

(*Continued from p. 11.*)

ideal? I submit that a libertarian defense force must emphasize technologically advanced materiel and highly skilled professionals to operate that equipment. Libertarians have lost the war before it begins if we attempt to compete on a man-for-man basis using military technology with a high man-to-machine ratio. Hostile totalitarian governments can conscript their entire nation if need be. Libertarian communities cannot conscript anyone. Therefore, we must logically encourage the development and deployment of the most exotic military materiel our creative and dynamic free people can conceive. And that is why the neutron bomb debate is important to libertarians.

Tony Haenni
Grover, MO

Shoot-Out

Mr. Birmingham is a sour puss and just isn't funny at all. But aside from that he needs to do some work on his conception of the ethics of warfare. In his letter [November] responding to David Friedman, Birmingham, in characteristic formula-libertarianist fashion, states that "Shooting innocent bystanders is plainly the initiation of force." But that is far from true *in general.*

The example tricky Bill invokes just distorts the picture in his favor. True, in *some* cases "If a policeman gets into a shootout in a crowded shopping center and kills an innocent bystander he is going to be in big trouble," e.g., when *he* picks the place for the shootout. But suppose the cop is just shot at and to avoid being killed he must risk the lives of innocent bystanders. Not so simple, huh? In this case the risk was imposed on him—anyone has the right to defend his life and if, when forced to do so, the result is the death of innocent people, it is the aggressor that could well be at fault. Of course, cops, soldiers, and generals should be cautious, but it ain't all that simple, Billy Boy.

(I like REASON despite Birmingham's Brickbats, but writing *against* is more fun.)

Conrad Speeder
Redwood City, CA

Business for Freedom?

I am writing to express my hearty disagreement with the opinion expressed by Mr. Brownlee in "Seizing the Day" [November]. He seems to believe in the existence of a magic formula for solving all the world's problems. The whole idea sounds similar to the concept of "Scientific Socialism," the only difference being that Big Business replaces the Government as the crusader in shining armor.

Also, recall the fact that over 100 California corporations contributed over $200 to the *No on 13* effort when only two California corporations made a similar contribution to the *Yes on 13* effort. I do not believe Big Business has changed its character as fast as that; and if it had, its nature must be so volatile (an extremely unlikely possibility) as to render it completely unreliable in the struggle for greater freedom.

Albert K. Heitzmann
San Francisco, CA

Untouchables

Reason [Editorial, December], and even more so *Libertarian Review*, are too simplistic in their endorsement of homosexual "rights." They seem unaware that they've been conned by a bind. Enforcing these "rights" includes compensatory measures like quotas in education and employment. The Briggs Amendment was a defensive measure against the hysterical ERA-like push for moral and special privilege approval....

With homosexuals added to the existing quotas for blacks, Mexican-Americans, Indians, the disabled, and women, white heterosexual males have lost their human rights to cannibals demanding their pound of flesh as compensation for nature's indifference to equality. Ancient India freed the Untouchables. Modern cult-ridden California relegates normal white males to that category.

It will be morbidly interesting to see how many opportunistic and traditionless Caucasians adjust to sodomy for economic survival.

F. H. Osinski
Monterey, CA

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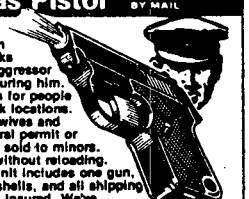

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movies

(Continued from p. 45.)

ther's trade, the construction industry, and what he really enjoys doing, supervising children. The best scene in the film occurs in a hospital ward in which, in a charming ceremony that fascinates the children, he makes them all "blood brothers." The conflict between what he wants to do and what his father expects him to do is powerfully delineated.

The mother, without intending it, terrorizes her eight-year-old son, and when as a result he can't eat, she punishes him cruelly. The older brother has no idea of what is going on psychologically but only tries to protect his small brother in his own incoherent way.

The father routinely fornicates about town, and when the mother learns of it and attempts a similar act in retaliation, her husband beats her to a pulp. Seldom has the "double standard" in sexual morality been more dramatically depicted on the screen.

There are a few too many bar scenes with drinking, fighting, and exchanging obscenities and other attempts by males to sustain their macho images. But if you can endure these scenes, there are other ones that are moving and humanly revealing, orchestrated with a wide variety of raw human emotions and amazingly penetrating characterizations.

—J.H.

classifieds

ANNOUNCEMENTS

ROTHBARD, MACHAN, BLOCK pro-abortion arguments rebutted! Seven additional articles presenting the libertarian pro-life perspective! $1.00: LIBERTARIANS FOR LIFE, 13424 Hathaway Drive, #A, Wheaton, MD 20906. 301/460-4141. "...strong arguments ...All libertarians can benefit from reading their well written and researched materials ...demolishes the notion that the fetus is biologically a parasite."—SOCIETY FOR INDIVIDUAL LIBERTY.

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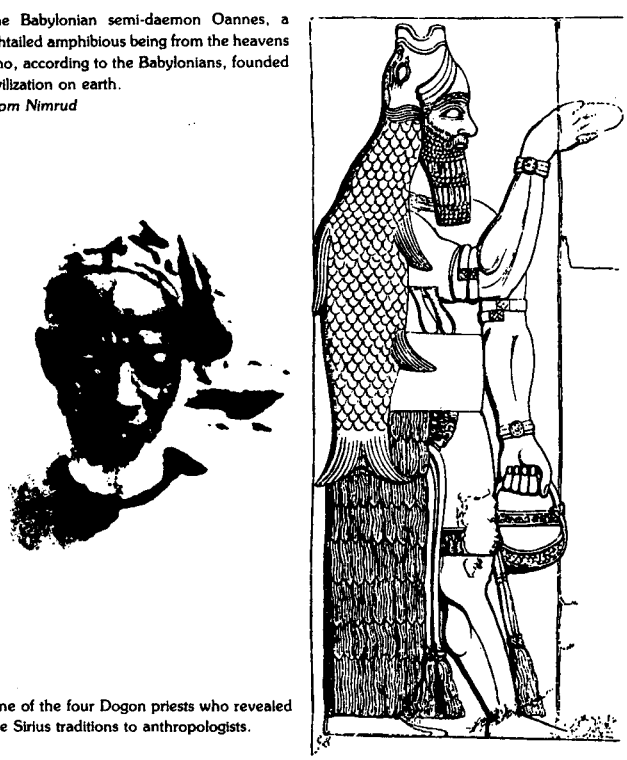
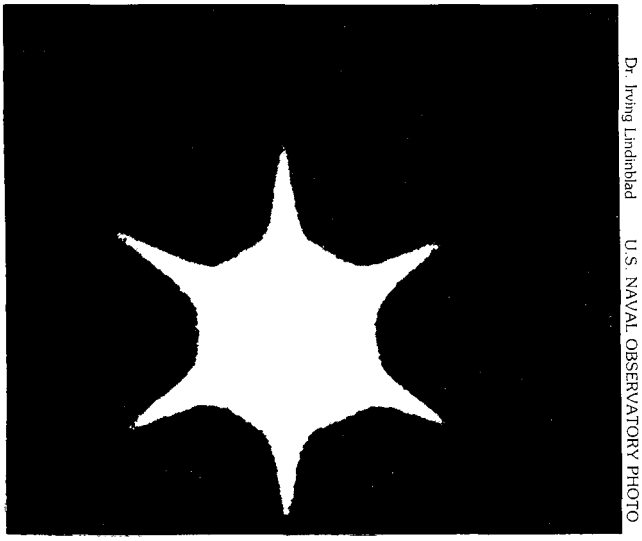


The Babylonian semi-daemon Oannes, a fishtailed amphibious being from the heavens who, according to the Babylonians, founded civilization on earth.
From Nimrud

One of the four Dogon priests who revealed the Sirius traditions to anthropologists.



Dr. Irving Lindinblad U.S. NAVAL OBSERVATORY PHOTO

Sirius B, the tiny dot to the lower right of the larger star, Sirius.

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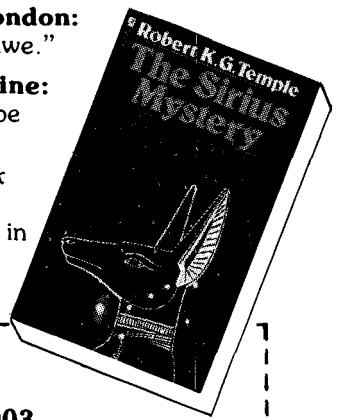

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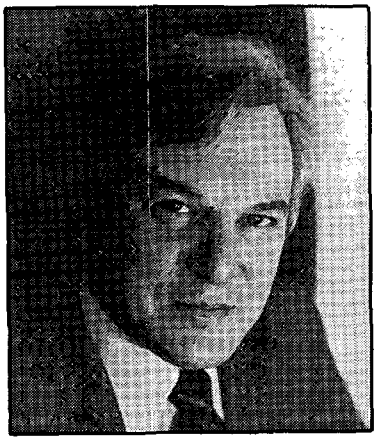

Nathaniel Branden is the author of *The Psychology of Self-Esteem, Breaking Free,* and *The Disowned Self.* He is in private practice in Los Angeles, is Executive Director of the Biocentric Institute, offers training to psychologists, psychiatrists and other mental health professionals, and conducts INTENSIVES in major cities throughout the United States.

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Reason Magazine,
Dr. Cheri Adrian

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